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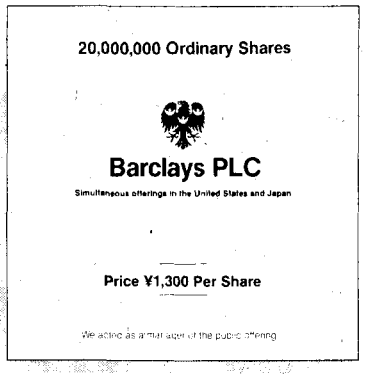
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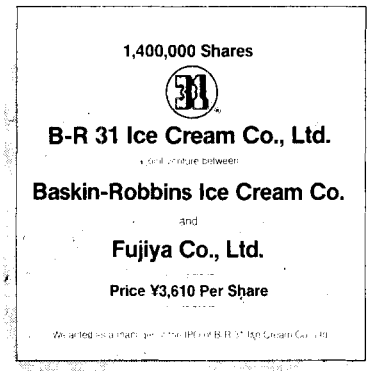

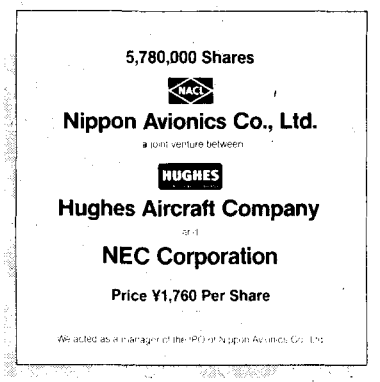

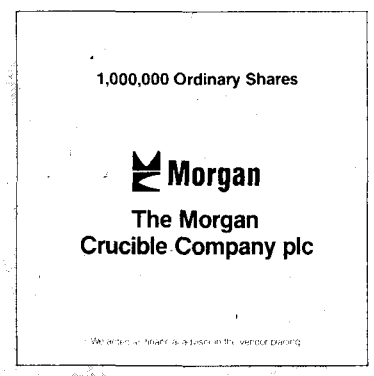

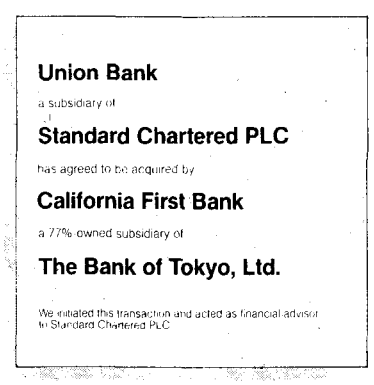
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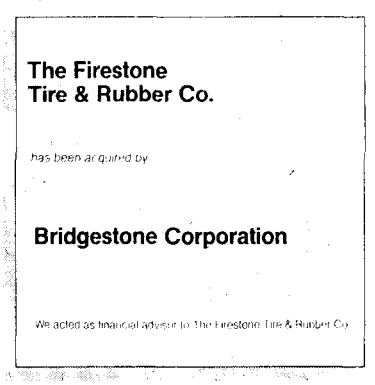
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THE NEXT FOUR YEARS

The election campaign failed to shed much light on the probable course of American foreign policy over the next four years. Domestic issues and personalities dominated the presidential contest; there was no urgent issue comparable to Korea in 1952, the Berlin and Cuban confrontations of the 1960s, Vietnam in the 1970s or even the Iran hostage crisis of 1980. President George Bush will probably not be confronted with a burning foreign policy problem in his first hundred days.

To be sure, there were real national security issues in the campaign, and some important differences between the candidates, more over defense issues than foreign policy. The defense debate concentrated on narrow questions, e.g., the MX missile, rather than questions of general strategy or what kind of defense might be affordable. Governor Michael Dukakis opposed the MX and Midgetman missiles, and the candidates also divided over the future of President Reagan's Strategic Defense Initiative. But they both supported a strong alliance with Western Europe and agreed on the need to strengthen conventional defenses. Both supported the Intermediate-range Nuclear Forces (INF) Treaty and claimed they would complete the negotiations for a strategic arms reduction treaty.

Governor Dukakis seemed to be more protectionist in his campaign statements on trade, while Vice President Bush carried the banner of free trade. They differed sharply over Nicaragua and the contras. And they seemed to differ on South African sanctions, though the issue was not thoroughly aired.

Both candidates struck an optimistic note in their visions of America's place in the world, as is customary in election campaigns. The president-elect emphasized a platform of peace, prosperity and continuity in foreign policy. His most prominent theme was "peace through strength." Thus, his election can be interpreted as a mandate to continue this policy.

During Mr. Reagan's tenure this slogan referred mainly to relations with the Soviet Union. Mr. Bush now must translate an appealing but abstract formula into a set of new or revised operational policies to cope with the difficult longer-term issues, changing world conditions and the limits on American resources. The new president will have to try to define the role of the United States in a world significantly different from that which Ronald Reagan inherited from Jimmy Carter eight years

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ago, and radically different from the world of the late 1940s, when America finally broke with its isolationist past.

While it is unlikely that the 1990s will be an era of such historic dimensions, this may nevertheless be an important turning point for the country. George Bush could be the last president who fought in World War II. During the campaign he proclaimed that the postwar era was over and a new "revolutionary" era had begun. But the shape and texture of that new era is far from clear. As Walter Wriston writes in this issue of *Foreign Affairs*: "When major tides of change wash over the world, power structures almost inevitably reject the notion that the world really is changing, and they cling to their old beliefs."

II

The most important and intriguing changes by far are occurring inside the communist world. Robert Kaiser, assistant managing editor of *The Washington Post* and a seasoned observer of the Soviet Union, writes: "The news from the Soviet Union is enthralling—nothing so interesting or exciting as Mikhail Gorbachev's reforms has happened in Russia in modern times."

Not only in Moscow but in Beijing as well, ideas and policies are being conceived, proposed, debated and even implemented that would have been radically heretical only a decade ago. Their essence is simple: both countries are trying to dismantle a highly centralized economic system that has been a foundation of communism under both Stalin and Mao. Both countries are compelled to do so because the old system has failed, utterly and catastrophically.

At the same time, in both capitals there is a realization that replacing the economic structure imperils the political foundation of the one-party Leninist system. And that realization is at the heart of the crisis of communism. Can the party leaders and bureaucracy give up the power, authority and legitimacy that the system confers on them?

The Chinese reforms are more advanced, and the growing economic and political problems in China may be an ominous portent for the fate of Gorbachev's plans. Some observers compare conditions in China to the last years of the Kuomintang in the late 1940s. A Chinese economist is quoted as saying: "The problem is not ideology—we are all flexible and pragmatic about ideology now. The challenge is whether the party is capable of leading the country. There is already doubt among

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the people, and it is rising. The real issue is the legitimacy of party rule."[1]

The internal crises have affected the countries' foreign policies, more so in the Soviet Union than China, which made its major break under Mao. Now Gorbachev has begun to outline a policy that seems far more conciliatory, more accommodating toward the Soviet Union's adversaries. It is possible that Gorbachev will make his own journey to Canossa, when he meets Deng Xiaoping next year in Beijing. It would be a dramatic event. Few expect a resurrection of the old Sino-Soviet alliance, but international politics will be altered significantly nonetheless. It was almost thirty years ago, in the fall of 1959, that Nikita Khrushchev inaugurated the "spirit of Camp David" with President Eisenhower, and on his return to Moscow stopped in Beijing to warn Mao against testing the capitalist system by force.

Gorbachev and Deng need no such lectures. They are both accommodating to the existence of a capitalist world, and even seeking to emulate it. Gorbachev for his part seems tempted to go beyond coexistence; he has said things about the nature of international affairs that are remarkable, and his subordinates have gone much further, even questioning the very foundation of a Leninist foreign policy—the international class struggle.

The crisis of communism is a striking vindication of its antithesis—democracy and freedom. Yet the crisis raises some perplexing questions for the industrial democracies.

Should we help Gorbachev? A positive answer seems to be the consensus in Western Europe where our allies are lavishing economic credits on the U.S.S.R. ($8 billion this year). Should we "take him at his word," as the West German foreign minister argued? Should we pose a series of tests, as Governor Dukakis urged, or should we preserve a "prudent skepticism," as the president-elect advocated?

Many will remember that the purpose of the policy of containment was to induce a mellowing of communism. Thus some observers of American policy insist that a significant strategic opportunity is at hand, but may be slipping from our grasp. Others argue that the Soviet Union, under any leader, would have to pursue roughly the same foreign policy as Gorbachev's,

[1] In Robert Delfs, "Helmsmen's Lost Bearings," *Far Eastern Economic Review*, Oct. 27, 1988, p. 36.

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given the U.S.S.R.'s parlous situation. Thus, they argue that we should welcome perestroika, but not finance it.

Perhaps the best advice comes from inside the Soviet Union, from Andrei Sakharov, who said recently: "Perestroika deserves very important support from the West, but this support must be rendered with circumspection."

President-elect Bush announced late in the campaign, and confirmed after the election, that he will arrange to meet with Gorbachev early in his term, after his designated secretary of state, James A. Baker III, consults with NATO and meets with his Soviet counterpart. The purpose of the Bush-Gorbachev meetings, according to Mr. Bush, would be "not to achieve any grand breakthroughs but to engage in a serious and direct examination of where we are and how we can best go forward toward further arms reductions, a decrease in regional tensions, and further adherence to human rights and thus toward a surer peace."

Some years ago a campaign promise of an early East-West summit would have been a debatable strategy for a Republican candidate. President Reagan, however, has taken most of the curse off summitry. A preliminary "meeting" (not a summit) with both President Reagan and George Bush may take place in December, if Gorbachev attends the U.N. session. Nonetheless, the Bush Administration should review its strategy for dealing with Moscow at a time when the U.S.S.R. is in deep turmoil but may be more open to external influence than at any time since Stalin's death in 1953.

At long last, what we really want from the Soviet Union becomes a relevant question. One area where this question is critical is in Eastern Europe. The Soviet empire could become the "sick man of Europe," and its disintegration could provoke some severe and dangerous crises. It would be rash to assume that Gorbachev will preside over the dissolution of the Russian empire without a violent struggle. It would be imprudent if the new administration adopted the view, expressed by one American official, that it would be completely "out of character for [Gorbachev] to send in troops to restrain" the East Europeans. Thus the administration in Washington must prepare for both the best and the worst cases.

III

The changes in the world economy are not as revolutionary as the changes in Russia and China, but they will demand the new president's urgent attention.

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The United States enters the 1990s in a strange position compared to the 1980s: the national debt is almost $3 trillion; we are beset by large budget deficits ($155 billion) and huge trade imbalances (about $130 billion), and threatened by a seemingly intractable Third World debt totaling over $1.2 trillion. The combination is a volatile one. During the election campaign it was not treated with the special urgency it seems to deserve, and the campaign offered few clues to a Bush Administration's solutions.

The Bush team argued that the deficit will be contained by a "flexible freeze" and reduced by continued growth of the U.S. economy, but on the issue of trade imbalances and Third World debt the new administration's policies are more uncertain: Can the dollar be stabilized? Is the Baker plan to stimulate bank loans, encourage investment in the Third World and revive its exports still valid? What of the new proposals that call for some "forgiveness" of these debts, an idea that the vice president-elect, Senator Quayle, strongly denounced?

There is no escaping the necessity for choice. As Michael Aho and Marc Levinson write in this issue of *Foreign Affairs*:

> Making the hard economic choices required to keep the United States growing and to permit all groups within the population to share in that prosperity is the fundamental challenge of the post-Reagan era. . . . Due largely to U.S. *domestic* economic policies, the world economy remains seriously out of balance. Restoring that balance will be the most crucial task of the next presidential administration.

Some of the consequences for foreign policy are already evident. The defense budget is not likely to grow for some years. Such experts as Senator Sam Nunn (D-Ga.) estimate that the probable reductions from the original projection of Defense Department spending could amount to over $300 billion, a cut of roughly 25 percent, over the next five years. If so, this would not only mean cuts in programs, but would also require difficult decisions about alternate weapons systems, force levels and deployments. Such a process amounts to a revision of national strategy. The principles to guide such a revision (e.g., the balance between offense and defense, between conventional and nuclear) will have to be developed and enunciated early in the administration's term. Otherwise there is the risk of makeshift decisions stimulated by White House and congressional infighting.

Perhaps the principal problem will be the sour political

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climate. With large budget deficits, there is likely to be no receptivity to forgiving foreign debts. Indeed, the U.S. deficits create an atmosphere that makes foreign assistance seem extravagant, increases pressures for greater defense burden-sharing with our allies and may well increase our reluctance to undertake new geopolitical commitments. We have already witnessed these trends in events of the past several years. Foreign aid has failed to increase since 1981; the Philippine base agreement was renegotiated for only two years because Philippine demands were seen as excessive. The one significant new commitment, to protect shipping in the Persian Gulf, was highly contentious.

These tensions will be further aggravated by the contradictory reactions provoked by the trade deficit: the determination to open foreign markets to American goods, and the pressures to close our own markets to foreign competition. The vice president campaigned against protectionism, but some trends suggest an increasingly chauvinistic resentment over foreign intrusion into the American economy, especially the buying of real estate. Direct foreign investment in the United States grew from $17.9 billion in 1971 to $262 billion at the end of 1987.

All of this adds up to a mood of economic nationalism in this country, which is matched by the growth of the same destructive sentiments abroad.

IV

The economic disputes are becoming a significant element in our relations with Europe and Japan. The threat from the Soviet Union that has held the U.S. alliance system together appears to be weakening while the frictions between America and its allies are growing stronger.

The validity of NATO's defense strategy of "flexible response" was not challenged in the election campaign, but questions have arisen about its credibility in the post-INF era, when American nuclear weapons are being withdrawn. Can the alliance compensate by increasing its conventional defenses? Can Europe shoulder more of the defense burden, as many Americans wish? If Europe can organize itself to protect its economic interests, why can it not do the same for its own defense? Does arms control offer a way out?

These are among the questions that are bound to be on the new president's agenda in a period of important change in Europe, both West and East. For decades we have encouraged

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the European dream of unity, but now the reality may become more of a nightmare for us. By the time of the next U.S. presidential inauguration (January 20, 1993), Europe plans to be a common market without borders, an economic giant of 350 million people with a GNP larger than that of the United States. "Fortress Europe" has become a description in the United States of the new European market; a phrase resurrected from World War II, it has extremely negative connotations. What will be the relationship of this giant with the United States and Japan? Both Washington and Tokyo fear European protectionism. Ironically, one reaction has been to propose a U.S.-Japanese free trade agreement as counterweight.

Is the dream of trilateralism fading? One observer, writing in the *Far Eastern Economic Review*, concluded:

> When Ronald Reagan hands over the presidency on 20 January 1989 . . . it will mark the end of an era in US politics and of unchallenged American supremacy in Asia. With its national debt reaching a dizzying US $2.8 trillion and large budget and trade deficits straining its resources, the post-Reagan US will have to make painful adjustments that will affect Asian economies, security and the US role in the region.[2]

Such commentaries suggest the need for a new design of trilateral relations as one of the basic tasks for the new administration; an outline should be ready when President Bush goes to Paris for the next economic summit on July 14, 1989, the 200th anniversary of the storming of the Bastille.

V

Finally there are two issues that will concern the president immediately: how to deal with the conflict between Israel and the Arabs, and the conflicts in Central America.

The new president will find a bipartisan consensus among the experts that the Arab-Israeli conflict has become more complex, more difficult and more dangerous—hence more urgent. He will probably find himself under some pressure to produce a new "peace plan," if only a refurbished version of the stillborn Reagan plan of September 1982. But others may argue that speed is not of the essence despite potential dangers. What is required is a careful survey, together with Israel, of what could constitute an acceptable peace. In this light the

[2] Nayan Chanda, "Biting the Bullet," *Far Eastern Economic Review*, Sept. 29, 1988, p. 24.

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appointment of a special emissary seems wise. The issue, however, is not procedure but the substance of a settlement.

It has been more than a decade since the Camp David agreements. Unfortunately, it is not possible to say that the area has moved closer to peace since then. Moreover, conditions in the area have changed. The PLO has proclaimed a Palestinian state, and implied its "recognition" of Israel. The Iran-Iraq War has ended, but chemical weapons were used by Iraq and missiles have proliferated in the region. Most important is the question of U.S.-Israeli relations after the turn to the right in Israel's November elections, especially if the *intifadeh* continues, as it seems likely to do.

One American commentator, Charles Krauthammer, anticipating a more challenging Palestinian "peace option," warned that Israel should "tread carefully": "The Reagan honeymoon is over. Israel will not see the likes of Reagan and Shultz again. Under a Bush Administration and under the cloud of a continuing *intifadeh*, there will be from the beginning American pressure on the new Israeli government."[3]

The fighting continues in El Salvador, and the situation in Nicaragua is neither peace nor war. President Bush will inherit a situation better in El Salvador but far worse in Nicaragua than Mr. Reagan's inheritance in 1981. Eight years ago the United States still had a number of options, including the one chosen, of mounting a guerrilla war against Nicaragua. Now, American options have been reduced to unpalatable alternatives. If military intervention in Nicaragua is ruled out, there may be no choice but to negotiate the limitations on Nicaragua's behavior outside its borders, i.e., a policy of containment. The middle ground, more aid for the contras and a waiting game, may be the new president's preferred course, but the odds are against his gaining the necessary political support in the new Democratic Congress.

The situation in El Salvador has improved compared to 1981, but the outlook is still gloomy: "El Salvador represents a far greater challenge to the next administration," James Chace writes in this issue. "Here there is no stable government, a Marxist-led insurgency is alive and well, the prospects for political change are unpromising, and the United States has committed itself to military victory."

[3] "Shamir the Caretaker," *The Washington Post*, Nov. 4, 1988, p. A25.

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VI

In 1980 Mr. Reagan could claim he had a mandate to change course. He did so over these last eight years. On the central issue of foreign policy, however, he ends his tenure close to the mainstream, at least on the major security issues of dealing with the Kremlin. No president has inherited better relations with Moscow than George Bush, and many would argue that the new president will inherit a stronger global position than most of his postwar predecessors.

In this past year, however, there has been a debate over whether America has entered a period of decline. Both candidates rejected the idea. Governor Dukakis asserted that the "best America is yet to come." The president-elect talked of the American century extending into the next one.

The debate continues. American resources are strained, whether the result of "imperial overstretch," self-indulgence or some other phenomenon. Professor Samuel P. Huntington writes that the United States was galvanized when such alarms were sounded on previous occasions. He concludes: "The United States is not immortal and American preeminence is not inevitable. Yet, some states endure for extraordinary lengths of time and little reason exists to assume that recent prophecies of American decline are more accurate than earlier ones."

Mr. Bush's mandate is not as clear as President Reagan's was in 1980, and the campaign has left a residue of bitterness. Whereas Mr. Reagan carried a Republican Senate in 1980, now both houses remain under the control of the Democratic Party. Even though America's world position is probably better, on the whole, than it was when Mr. Reagan was sworn in on January 20, 1981, President Bush's agenda will be much broader than Mr. Reagan's. His challenges will be more complex, if less dangerous, and the resources available will be more limited. President Reagan's successes may have imposed long-term economic costs that have yet to be paid. This is the starting point for the articles that follow.

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C. Michael Aho
Marc Levinson

THE ECONOMY AFTER REAGAN

Ever since the end of the Great Depression, Americans have taken a rising standard of living as their birthright. Each successive generation has enjoyed more disposable income, more leisure time, a greater stock of material possessions and a wider array of government supports than its predecessors. In a way few Americans understand, the nation's ability to maintain that record is threatened by disturbing factors in the world economy. Making the hard economic choices required to keep the United States growing and to permit all groups within the population to share in that prosperity is the fundamental challenge of the post-Reagan era.

In some ways, the accomplishments of the eight-year presidency of Ronald Reagan will support George Bush's efforts to achieve continued economic growth. President Reagan presided over an economic restructuring that caused extreme pain to many Americans, eliminating millions of jobs and forcing the shutdown of thousands of companies. In the process, however, it left the nation with a more mobile workforce and a more modern industrial plant. Reagan's attacks on government spending left Americans with reduced expectations of their government's capabilities, easing the political pressure on his successor to offer expensive new government-funded programs to cure social ills. And due to the cautious policies of the Federal Reserve Board and the absence of unpleasant price shocks during his term, President Reagan is able to leave to his successor both an unusually low unemployment rate and a relatively low and stable rate of inflation, perhaps the most welcome gifts of all.

In other ways, however, President Reagan leaves an exceptionally troubled economic legacy. Much of the prosperity of

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the past six years, since the bottom of the recession in November 1982, is due to the federal government's persistently spending more than it was taking in by a very wide margin. Budget deficits are nothing new, of course, but the deficits of the Reagan era are different from those of earlier years, both qualitatively and quantitatively. In qualitative terms, the federal government has been spending a greater share of its income on military programs, income transfer payments such as social security, and interest payments on bonds issued to finance the deficits incurred in previous years. This has left a smaller share to fund the investments, from education to airport construction, that are essential to future economic growth. In quantitative terms, the Reagan budget deficits have amounted to a far greater proportion of the nation's total output than ever before in peacetime. They continue to command such a large share of the nation's savings that the United States remains a major importer of capital, a situation which has led to an overvalued currency, a trade deficit so severe that it has greatly strengthened the forces of trade protectionism and relatively high inflation-adjusted interest rates that have worsened the debt problems of developing countries.

This situation endangers not only living standards, but also America's customary role as the world's dominant power, shaping the course of events in distant corners of the globe. The ability to project diplomatic influence as well as military force depends upon the country's relative economic position in the world. "Economic strength," two recent secretaries of state have noted, "is . . . central to the way America is perceived by its friends and potential adversaries. U.S. political leadership in the world cannot be sustained if confidence in the American economy continues to be undermined by substantial trade and budget deficits."[1]

In sum, due largely to U.S. *domestic* economic policies, the world economy remains seriously out of balance. Restoring that balance will be the most crucial task of the Bush Administration.

II

What will it take to restore economic health? The first, and most critical, order of business is to pursue serious reductions

[1] Henry Kissinger and Cyrus Vance, "Bipartisan Objectives for American Foreign Policy," *Foreign Affairs*, Summer 1988, p. 910.

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in the federal budget deficit. This cannot be done through massive, recessionary spending cuts in a single year, but only through a sustained program of budget reductions and tax increases over a four-year period. If this is to stand any chance of being politically acceptable, the pain of deficit-cutting will have to be spread equitably among the American people. Higher taxes will mean slower growth in household spending, but lower deficits should allow much lower interest rates, facilitating business expansion. This will gradually alter the division of the nation's income, reducing the share devoted to consumption and raising that invested in productive facilities. If deficit reduction is combined with a less restrictive monetary policy in the United States and diminished reliance on export-driven growth abroad, it could set the stage for another period of sustained prosperity in the 1990s.

The 1988 budget deficit was approximately $155 billion. With no changes in legislation and assuming a continuation of current economic circumstances and no new spending programs, the deficit will be $148 billion in 1989, before tapering off by roughly $6 billion annually to $121 billion in 1993, according to the Congressional Budget Office.[2] Government outlays in 1988 were 22.3 percent of GNP, while revenues stood at 19.4 percent. In 1993, under present conditions, these figures will be almost unchanged, at 21.9 percent for outlays and 19.4 percent for revenues.

Complicating the political debate over the budget is the growing surplus in the social security retirement and disability trust fund. The surplus was approximately $37 billion in 1988. It is expected to rise to $97 billion by 1993, and then rise further into the early years of the next century in order to cover the expected liabilities from the aging of the baby-boom generation.[3] These surpluses are masking larger deficits in other areas. If the social security surplus were excluded, the federal deficit in 1988 would have been $192 billion, or 3.7

[2] Congressional Budget Office, *The Economic and Budget Outlook: Fiscal Years 1989–1993*, Washington: U.S. Government Printing Office, 1988, and their revised estimates in the August 1988 update.

[3] The political problem is that these surpluses look like a ready source of funds for financing new programs. Confirming this suspicion, opinion articles have already started to appear suggesting possible uses for the funds. See, for example, W. W. Rostow, "For a Public Investment Bank," *The New York Times*, July 7, 1988, p. A23, where the author argued: "I propose that the surplus be used as a basis for a Public Investment Bank." Also see George E. Brown, Jr., "Invest Social Security Surplus," *Journal of Commerce*, Nov. 24, 1987, p. 10A.

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percent of GNP. In 1993, it would be as much as $218 billion, rather than the $121 billion officially estimated.

The budget deficit will not resolve itself in the absence of major fiscal policy changes. Claims to the contrary assume that the federal government will dip into the social security trust fund and apply it to current expenditures rather than reserving it to pay benefits in the second decade of the 21st century. Using social security funds in this way would be yet another example of fiscal indiscipline. Just as the children of the baby-boom generation will have to service the government debt accumulated in this decade to finance their parents' consumption, they could find themselves obligated to finance their parents' retirement because funds set aside for that purpose had been spent on other things.

While opposition to tax increases remains a potent political pledge, the evidence is clear that Americans are not willing to tolerate major cuts in the level of services they receive from the federal government. The public must be told the blunt truth: if they desire these programs and services, they must pay for them through higher taxes. In political terms, substantial increases in excise taxes on gasoline, tobacco and alcoholic beverages may be the most opportune way to begin, but they alone will not generate enough revenue to narrow the budget deficit significantly. Nor will raising taxes on the very rich. Unpalatable though it may be to open the federal income tax code once again, an increase of one or two percent in marginal personal income tax rates may be unavoidable. Or, alternatively, the indexing of personal income taxes could be postponed.

On the spending side, significant cuts are possible only in the two largest budget categories, entitlements and defense. In the entitlements area, restricting Medicare benefits to those with lower incomes is the easiest way to achieve major savings without eliminating the indexation that protects social security beneficiaries against inflation. On the defense side, the most important issue deals with fundamental military strategy. Almost all of America's strategic plans are based on the assumption that military spending will remain in the area of six percent of the nation's total output, as it has for most of the past thirty years. It may well prove impossible to maintain that level in the decade ahead, given the amount of taxes Americans are willing to pay. Yet reducing military spending under present circumstances is an endlessly frustrating task, because any

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reduction inevitably leaves the United States ill prepared to maintain a sound military posture under current strategic doctrines. There is a need to return to the beginning, develop new approaches to defense strategy based upon more modest budget assumptions—and then to seek a bipartisan congressional consensus that spending should remain at that lower level for the foreseeable future.[4]

Whatever course he chooses to balance the budget, it is critical that President Bush act decisively to develop the package early on, and in close consultation with Congress. If budget deficits can be set upon a declining path, the trade deficit will shrink, the growth of debt can be slowed, and the cost of investment can be lowered. The sooner U.S. budget deficits are brought under control, the smaller the debt service requirements will be in the future, and the sooner America will again project an image as the world's economic leader.

III

The second task for the new administration is to do all in its power to maintain an open world economy. Rising protectionism in the United States threatens seriously to erode America's standard of living, while the growth of barriers to trade abroad will make it difficult for the United States to attain the trade surplus it will need to service its foreign debts in the 1990s. Protectionism also hinders the adjustment of international trade flows to changes in exchange rates, contributing to the pressure to abandon a market-based exchange rate system.

Keeping the economy open will require careful maneuvering abroad and at home. With the Uruguay Round of GATT (General Agreement on Tariffs and Trade) negotiations off to a shaky start, the next president must do more to bring the private sector and Congress into the process. He must mobilize private sector support and keep Congress constantly apprised of the negotiations. The new administration must continue to push hard for visible signs of progress, even when it becomes more difficult as foreign countries' trade surpluses turn into deficits in order to allow the United States the trade surplus it will soon require. Unless a new multilateral accord resolves basic issues of disagreement, trade frictions with Japan and the European Community are likely to escalate in the decade

[4] For a brief discussion of this issue, see Michael Blumenthal, *et al.*, *Fiscal Policy and Foreign Policy*, Washington: Johns Hopkins School of Advanced International Studies, 1988.

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ahead, particularly as Europe moves toward unification in 1992 or soon thereafter. Yet the United States should not succumb to pressures to resolve trade frustrations through numerous bilateral accords. The breakup of the world trading system into regional blocs, each based upon separate bilateral agreements, is directly contrary to the long-established U.S. goal of liberalizing the international flow of goods and services. By making it more difficult to import and export, such a breakup could have an adverse effect on living standards in the United States.

A major lesson of the past decade is that it is not enough for a president to negotiate freer trade with other countries. He must also attend to the domestic front on trade matters. President Bush must convince Congress and the public that he is according trade matters their due priority and is protecting American interests by dealing severely with trading partners who infringe upon the rules. The political structure for handling trade issues requires that the president take the lead in order to protect members of Congress from intense pressure to save local factories and mines from import competition.[5] When the chief executive fails to assume the role of advocate and lightning rod on trade matters, as was the case throughout the Reagan years, the protectionist pressures are almost impossible for Congress to withstand.

Even with the passage of the 1988 trade bill, the new administration will need to return to Congress for legislation to implement whatever agreements are reached in the Uruguay Round. When the president does so, he should use the opportunity to seek fundamental changes in U.S. trade law. The biggest bargaining tool the United States has, and often the major factor motivating other countries to action, is the prospect that Congress might pass protectionist legislation. Why use that leverage only before negotiations begin and again at their conclusion? If Congress, in its delegation of negotiating authority, were to establish intermediate deadlines, it could stipulate that any agreements reached on those dates contain contingency clauses that would later abrogate them if further progress were not forthcoming in the negotiations. This would certainly increase U.S. bargaining power in multilateral talks.

Deadlines compel an administration to take action on trade

[5] I. M. Destler, *American Trade Politics: System Under Stress*, Washington: Institute for International Economics/New York: Twentieth Century Fund, 1986.

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policy issues. Executive branch leaders rarely focus upon trade issues unless they are forced to by Congress. As deadlines approach, trade invariably receives higher-level political attention. Deadlines force decisions, and forcing clear decisions about U.S. trade policy goals would mark a major change for the better.

At the same time, U.S. trade laws should be reoriented toward pressing other countries to open their markets, rather than toward protecting domestic industries. There should be more emphasis upon deterrence and retaliation for the purpose of strengthening adherence to the internationally established rules of trade.[6]

Although the U.S. government frequently imposes sanctions against trading partners, those sanctions almost always come with protectionist rather than market-opening intent. Indeed, the administration of the anti-dumping and countervailing duty statutes is almost like an entitlement for complaining firms. An alternative approach stressing retaliation against foreign barriers that violate multilateral trade rules is needed.

The 1988 trade law gives new emphasis to removing foreign barriers, but by leaving the existing protectionist apparatus in place it inhibits U.S. trade negotiators from assuring their foreign counterparts that opening markets to U.S. products will end any possibility of U.S. sanctions. Retaliation against unfair foreign barriers should not just supplement the current procedures for protecting U.S. industries from foreign competition; it should gradually replace them. Perhaps some of the current laws could be traded away in the Uruguay Round and replaced by a specific policy of retaliation, granting the president flexibility to impose and withdraw retaliatory penalties.

Domestic policies to ease the pain of adjusting to economic change are an important but often neglected component of the drive to liberalize international trade. The new administration must not be guilty of the same neglect. Toward this end, new efforts to retrain displaced workers and to encourage them to move to areas where their skills are in demand must be part and parcel of the adjustment process. Existing government programs have, by and large, failed to teach displaced workers useful skills and to move them into jobs that do not entail

[6] Marc Levinson, "Trade Policy or Trade Strategy," Working Paper for a Council on Foreign Relations study group on the Economic Choices Confronting the Next President (mimeographed), New York, May 10, 1988.

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substantial loss of income. New ideas and new experiments are badly needed. Once a new program is in place, the next president should seek to phase out programs that shelter U.S. industries from international competition or those that encourage uneconomic production. These programs redistribute income within the United States at a substantial loss to economic efficiency while causing both producers and workers to make economically unwise decisions.

Keeping the economy open also means encouraging the flow of private investment across international borders. The new administration must vigorously attack the resurgent chauvinism that finds foreign investment in American farms and factories somehow harmful to the United States. But, at the same time, it must insist that if foreign citizens have the opportunity to invest in the United States without discrimination, Americans should have precisely the same opportunities abroad.

IV

The third major economic challenge confronting the new administration is the need to rebuild international economic institutions so that they may be relevant in the world of the 21st century. This painful process will offer few short-term rewards, but it is essential if the trend toward greater economic integration among the world's market economies is to be maintained.

The international organizations created in the wake of World War II have long since ceased to function as they did when the United States was the world's dominant economic power. The GATT, which covers a decreasing share of world trade, can be revitalized only if its members are successful in achieving major breakthroughs during the Uruguay Round. The Bretton Woods agreement establishing fixed exchange rates has long since been abandoned, replaced first by limited floating currencies, then by freely floating currencies and then, since 1985, by ad hoc agreements among major countries to control the level of the dollar—agreements which, unfortunately, have kept the U.S. currency from falling further despite the continued large U.S. trade deficit. As Europe moves to establish a central bank and Japan becomes accustomed to its new role as the world's largest international creditor, the door may be opened to new ideas about the functioning of the international exchange rate system.

While strengthening the international institutions is impor-

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tant, moving to a formal system designed to keep exchange rates within specified levels is neither a realistic nor a desirable step during the next few years. In general, the question of exchange rate stability has received far too much attention in discussions of the nation's economic problems. The value of the dollar is not and should not be the U.S. government's principal economic concern.

Although the volume of foreign currency trading in world markets is enormous—in 1986, more than $330 billion changed hands daily on exchange markets, compared with an average of $5.8 billion in trade on a daily basis—the impact of currency trading on the world economy is far smaller than the volume of transactions would suggest.

Over 85 percent of the currency dealing during 1986 occurred between banks—or between banks and other financial organizations, each of which held very short-term positions in the spot market in order to earn trading profits. In many of these cases, traders were in and out of the market in a matter of hours. Only a tiny proportion of foreign exchange activity involved other types of businesses, such as manufacturers. Although some companies do make use of the currency futures markets in order to hedge their business risks, currency futures trading accounted for only one-twentieth of the foreign exchange transactions undertaken by banks.[7] And there is now ample evidence that short-term changes in currency values are reflected in import or export prices only to a small degree in many industries.

A commitment to maintain the exchange rate is tantamount to saying that the dollar's rate of exchange is the nation's major economic objective. The main tool available to meet that objective is monetary policy: tighter money, raising domestic interest rates, increases demand for domestic currency and causes the exchange rate to appreciate, while easier money leads a nation's currency to lose value relative to others. If monetary policy must be fully committed to exchange rate stabilization at all times, it is not available for domestic purposes. A monetary policy to lower interest rates in order to stimulate domestic investment, for example, would not be permitted unless other countries chose to do likewise; if one

[7] Drawn from estimates in Rudiger Dornbusch and Jeffrey Frankel, *The Flexible Exchange Rate System: Experience and Alternatives*, NBER Working Paper No. 2464, Cambridge, Mass.: National Bureau of Economic Research, 1987.

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country's interest rate were to be allowed to fall while others were not, the country would be violating its pledge to maintain its exchange rate.

In the context of the European Monetary System, where member economies are already closely tied to one another through participation in the European Community and will become even more tightly integrated in the next few years, a commitment to use monetary policy solely for exchange rate management is both economically sensible and politically feasible. Such a commitment is far less appropriate for the United States, given that trade with other industrialized countries remains a much smaller share of America's total output than is the case in Europe, and given America's much lesser degree of economic integration with the rest of the world. Nor would it likely be politically acceptable to direct the Federal Reserve to manage monetary policy solely to keep the exchange rate in line, without regard for the health of the domestic economy.

The other two Bretton Woods institutions, the World Bank and the International Monetary Fund, are in disarray, due in good part to their continuing ineffectiveness in resolving the massive debt problems of the developing world. Their inability to address the debt problem, save by prescribing orthodox free-market economic reforms, points to the need for a fundamental rethinking of their role in the world economy. At the same time, the United States should recommit itself to support these institutions in new roles. The issue is political as well as economic. If the United States reduces its participation in the World Bank or seeks to diminish the institution's importance, it creates an opportunity for other nations to expand their economic influence as America's contracts.

A less well-known international institution, the Bank for International Settlements, has made a major contribution to improved economic stability by beginning the arduous task of bringing the banking regulations of the world's major financial nations into harmony. The new administration should wholeheartedly support this effort. It should also encourage similar actions among securities regulators. The world is in many ways becoming a single financial market. Regulatory inconsistencies among nations, however, can put some investors at a disadvantage in doing business abroad, and they give rise to undesirable side effects, most significantly the possibility that loose regulation in one country will contribute to the collapse of financial institutions in countries halfway around the globe. Again, the

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Congress, which has been struggling unsuccessfully to write a comprehensive banking bill for the past six years, will have to be convinced to play a constructive role in this process.

Stepping up to these challenges will be difficult under conditions of economic prosperity. It will be even more difficult if the six-year-old economic expansion in the United States comes to an end early in the next presidential term. Recession will sharply increase the budget deficit by reducing income tax revenues and augmenting demands on social programs, and it will give renewed strength to forces of protection and economic isolation that will surely seek to blame foreigners for the loss of U.S. jobs. Yet the threat of recession is all the more reason to proceed quickly with the unpleasant task of reducing the imbalances in the U.S. economy.

Under present circumstances, the government's economic tools are not available to deal with a declining economy: monetary policy has been committed to stabilize the dollar's exchange rate at unrealistic levels, while expansionary fiscal policy measures would require a further increase in a budget deficit that is already unacceptably large. Reducing the budget deficit and with it the trade deficit would ease the pressures on both monetary and fiscal policy in subsequent years, increasing the government's ability to use either or both to counteract recession.

V

In implementing these policies, the next president needs to work more closely with other major countries from the outset of his administration on economic as well as defense matters. Former President Nixon's proposal that the first undertaking of the newly elected president should be to spend two weeks with America's European allies should not be taken in jest.[8] Basic forums for intergovernmental cooperation, from the annual economic summit meetings of national leaders to the semiannual meetings of trade ministers, are already in place. While the United States no longer has the power to compel its major trading partners to act as it desires, it still is recognized as a leader and its ideas command attention. After all, the United States is the world's only superpower in both economic and military affairs. But following years of failure to live up to

[8] Richard M. Nixon, *1999: Victory Without War*, New York: Simon and Schuster, 1988, p. 207.

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its promises that the budget deficit would be addressed, the United States lacks credibility with its trading partners. The new administration will bear the burden of convincing other nations of the sincerity and worth of its initiatives and commitments.

International cooperation will be complicated by America's new relationship with other industrial countries. The European Community now has a combined national income comparable to that of the United States, and Japan is closing the gap. Although both have an abiding interest in promoting a stable global economy, neither has taken the lead to ensure it. Each will have to bear more responsibility for the smooth functioning of the world economy. Joint leadership will be necessary. Joint leadership, however, is less stable and more prone to delay than leadership exercised by a single dominant country. Nevertheless, all countries have common concerns and common interests. Each has a vital stake in the management of interdependence, because its welfare depends on other countries as never before.

An important step both in devising the new administration's economic programs and in convincing the world of their seriousness is the selection of economic policy staff members who are competent, respected and nondogmatic. On such issues as trade and management of developing country debt, poor staff work has plagued the Reagan Administration, leading to impractical or ill-conceived negotiating proposals and an inability to offer constructive responses to proposals by other countries. The general quality of appointees, particularly in fields related to foreign affairs, has declined during the Reagan years, due to the increased use of political criteria in their selection.

The staffing problem extends beyond political appointments to the civil service. After 12 years of government by presidents who ran against the Washington establishment and demeaned the abilities of those who chose to work for the federal government, many of the best and brightest no longer seek out federal service. Improving the caliber of career government workers is less a matter of monetary compensation than of attitude. It is important to restore the sense that those in public service can make important contributions to the nation's well-being. Only the president can do this.

As international economic affairs come to have ever greater influence over the state of the domestic economy, the question of who will represent America's interests in international eco-

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nomic negotiations looms ever more important. The United States needs to develop a cadre of career specialists in international economic policy that can provide continuity and negotiating expertise in senior civil service and subcabinet positions. Greater stability among support staff and negotiators is vital if the United States is to hold its own in consultations with countries such as Japan and Britain, whose representatives often bring decades of preparation to the bargaining table. As a recent book on the making of foreign economic policy pointedly notes: "The United States must soberly face the question of whether in the closing years of the twentieth century, a system of international economic relations can be fashioned and run by amateurs, even by brilliant and well-intentioned amateurs, recruited for a brief stint in positions of power."[9]

Along with better staffing, the new administration must reexamine the organizational arrangements within which economic policy decisions are made. Although the Reagan Administration has made extensive use of interagency economic task forces at the cabinet, subcabinet and staff levels, there has been little opportunity to examine the interrelated effects of trade, monetary and investment policies. No attempt was made to coordinate economic issues in a fashion similar to the National Security Council's coordination of defense and diplomatic matters. Only late in the Reagan years did the influence of Treasury Secretary James A. Baker III result in many of the strands of economic policy being gathered together in one place.

The growing diplomatic ramifications of trade policy, the interdependence of trade and financial flows and the increasingly frequent conflict between security concerns and international economic concerns make it desirable to establish an international economic policy council in the White House. The council, with a staff reporting to the president, would be charged with coordinating decision-making on international economic concerns and with bringing harmony to the policies of the diverse agencies involved, from the Department of Defense, to the Department of Agriculture, to the Office of the U.S. Trade Representative.

Realistically, titles and positions on organization charts will not determine how decisions are made. In any administration, power will flow to those officials who best understand how to

[9] Raymond Vernon and Debora L. Spar, *Beyond Globalism: Remaking American Foreign Economic Policy*, New York: Free Press, 1988, p. 13.

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wield it. But as the experience of past administrations, notably that of Richard Nixon, has shown, an energetic and politically astute staff that coordinates deliberations on international economic issues can have a salutary effect. The Nixon Administration's Council on International Economic Policy, established in 1971, had a small staff, but through high-level meetings each morning and special working groups to tackle major issues it managed to coordinate the activities of the Treasury and the U.S. Trade Representative. As two participants relate, "Once a single overall structure was in place to resolve broad issues in policy, assignments of day-to-day responsibilities for particular issues created fewer jealousies and bureaucratic rivalries."[10] Although it will by no means resolve all problems and conflicts, such a structure deserves emulation.

At the same time, the new administration should resist proposals to establish a cabinet-level department of trade combining the negotiating duties of the U.S. Trade Representative with the Commerce Department's responsibilities to promote exports and to rule on complaints that foreigners are engaging in unfair practices in sales to the United States. The Commerce Department, which would likely become the heart of such a new agency, has in recent years been extremely sympathetic to claims by U.S. companies that unfair foreign practices are the source of their competitive problems, and has little record of taking broader national interests into account in its advocacy. Putting all trade responsibilities in a new department could make the thrust of U.S. trade policy far more protectionist and mute the voices of those presently charged with finding ways to reduce the restrictions impeding foreign trade.

VI

Reorienting the nation's international economic policy will not be possible without much closer cooperation between the executive branch and Congress. It is here, most of all, that the efforts of recent U.S. administrations have fallen short.

Instinctively, members of the executive branch tend to regard Congress as an obstacle to the making of economic policy, not as a partner. Among conservatives, a narrow constitutionalism holds that the international realm in particular is the exclusive province of the president, and that attempts to exert

[10] George P. Shultz and Kenneth W. Dam, *Economic Policy: Beyond the Headlines*, New York: Norton Press, 1978, p. 177.

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congressional influence should be kept at bay. But the truth is that in foreign economic policy, just as in other aspects of foreign affairs, only policies enjoying broad, bipartisan support are likely to meet with success. Constitutional jurisprudence aside, the hard fact is that if Congress is not adequately consulted as decisions of international economic import are made, it has the ability to blunt many key presidential initiatives. That happened repeatedly during the latter years of the Reagan Administration. Congressional dissatisfaction with the president's management of trade issues resulted in passage of a trade bill to which the president had a strong objection, while congressional frustration with the Administration's reluctance to be more active in resolving developing-country debt problems was demonstrated by delayed approval of an increase in the U.S. contribution to the capital of the World Bank.

Working more closely with Congress will most assuredly not be easy. Internal reforms have diffused power widely within both the Senate and the House of Representatives. Dozens of committees and subcommittees have jurisdiction over one or another aspect of international economic relations, and the weakening of the seniority system means that the executive branch cannot assume that a handful of leaders can make commitments for committee members. A reduction in the number of congressional subcommittees might make relations less contentious, but this does not seem to be in the cards.

Yet the task of maintaining close cooperation with Congress on international economic matters is not impossible. By and large, members of Congress expect and wish the initiative on foreign economic policy to come from the president; their desire, aside from closer consultation, is that the president shield them from constituent pressures to favor immediate local concerns over broader national interests.

This suggests two essential components to better relations with the legislative branch. The administration should consult regularly with congressional leaders of both parties on issues of trade, exchange rate policy and relations with multilateral lending institutions, in an attempt to establish a bipartisan consensus, much as it does on military and foreign policy concerns. Encouraging closer congressional involvement in GATT negotiations by, among other steps, appointing individual members of Congress as part of the U.S. negotiating team, would be a good way to start. And the administration should understand that if individual senators and representatives are

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to support society's interest in an open world economy against the more parochial interests of individual companies or groups of workers, they must be able to demonstrate their responsiveness to constituent concerns in the process. The president must repeatedly inform the public not only of the economic benefits of an open economy, but also of the steps the government is taking to address unfairness abroad and to aid those harmed by trade liberalization at home. Programs to aid displaced workers and studies of how imports are affecting specific industries are a small price to pay for maintaining political support for a liberal international economic order.

Dealing with the three overriding economic challenges ahead—reducing the federal government's budget deficit, maintaining an open world economy and rebuilding international economic institutions—will do little to boost the political popularity of the new administration. There are few votes to be gained from increasing taxes, negotiating trade liberalization agreements and redefining the role of the World Bank. Righting the imbalance in the world economy necessarily means slowing the growth rate of personal consumption in the United States, which translates directly into fewer new cars, shorter vacation trips and fewer meals out. The negative reaction from voters is unlikely to be mitigated by promises that the shift from a consumption-driven to an investment-driven economy will allow for growth in consumption in years ahead.

Yet the alternatives are not pleasant to contemplate. Sooner or later, foreigners will cease to be willing to lend their money to finance consumption in the United States. Under present conditions, that would force interest rates much higher, choking off business investment and rapidly driving the United States into recession. Higher interest rates and fewer export opportunities would force developing-country debtors into default, endangering the stability of major banks. That, and the failure of many companies that have acquired excessive loads of debt, could drag the economies of other nations down as well. An upsurge in protectionism and a disintegration of global economic ties would surely follow—and would not bode well for President Bush's prospects for reelection in 1992.

One way or another, the world economy will find its way to a state of better international balance. With forceful, farsighted leadership and credible changes in policy, President Bush can help those changes occur in an environment of economic growth rather than economic decline.

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James Chace

INESCAPABLE ENTANGLEMENTS

As it has for the past four decades, the American-Soviet relationship will dominate the foreign policy of the next administration. This is as it should be. The Bush Administration takes office at a culminating point in American diplomatic history. If the Soviets are serious in the foreign policy proposals they have put forth during the second Reagan Administration, the next president could well negotiate the terms of the post cold-war era. Unfortunately, there are grave foreign political problems outside the East-West context that could derail the efforts of the new administration to explore the limits of a U.S.-Soviet rapprochement.

Time and again we have seen how an administration can be consumed by issues that have little if any connection with those central concerns of U.S. foreign policy that are embodied in the East-West axis. Two recent examples are the Carter Administration's Iran hostage crisis and the Reagan Administration's Iran-contra affair. There are, after all, a number of countries to which we are closely tied by historical experience and interests. At times because of domestic political considerations, at other times for security reasons, Americans cannot remain indifferent to what happens in those places. These countries and their problems are inescapable entanglements. If left unattended, they could engulf an administration.

Some trouble spots do not threaten consequences of this magnitude for U.S. policy. In the cases of South Africa, Haiti and Israel, for example, there are constituencies here at home that require Washington to pay the closest attention to internal political developments there. But while the United States should press for racial equality in South Africa, for democracy in Haiti and for a settlement that will satisfy the requirements both of Palestinian nationalism and of Israeli security, in none

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of these cases is it likely that American troops will be involved. No convincing case can be made that U.S. security is threatened.

A very different situation exists in South Korea, the Philippines, Panama and Central America. In recognition of the stakes involved, U.S. troops are stationed there—about 40,000 in South Korea, some 18,000 in the Philippines, about 10,000 in Panama, about 1,000 in Honduras and over 100 advisers in El Salvador. These are all inescapable entanglements.

II

In South Korea, American troops stand on the foreground of the U.S. security perimeter. Thirty-five years after hostilities ceased between North and South, there remains the danger of military action. Yet South Korea has prospered mightily in the 1980s. It is the 17th-largest economy in the noncommunist world. Though the Koreans have operated a fragile economy highly dependent on the successes of a few large conglomerates, the technocrats are beginning to diversify the economic bases of the state.[1] At the same time, prospects for democracy are improving in South Korea. President Roh Tae Woo was elected in a free and open election in December 1987, the first direct presidential election in 16 years. He now insists he will further the democratic process, which in the first instance requires an even freer press and curbs on the vast internal security apparatus. In the aftermath of the 1988 Olympic Games at Seoul, the trend toward full democracy has intensified. The role of the United States is to continue to press Roh in the direction of democratic reform, which is a far surer basis for stability than a military-dominated regime.

Already there is a warming trend in relations between the communist North and the capitalist South that may well lead to renewed efforts on the part of both countries to open up a dialogue on ways of reunifying the peninsula. In suggesting talks between the North and South this past summer, Pyongyang no longer insisted on any withdrawal of American forces as a condition for negotiations. North Korea, it appears, is paying the price of its isolation from its economically well-off neighbors, and it is coming under some pressure from its allies, China and the Soviet Union, to reduce tensions in the region.

[1] See also "Stand Tall: A Survey of South Korea," *The Economist*, May 21, 1988.

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An erratic or intransigent North Korea would be detrimental to this effort. It is now likely that North Korea will pursue two approaches: to reduce military spending, and to seek an influx of advanced technology that might be facilitated by a China-style opening to the West.[2]

For its part, South Korea is facing considerable domestic pressure to expand ties with the North. Students have attempted to march to the border to link up with their North Korean counterparts, an undertaking that was frustrated by massive police action. Nonetheless, President Roh, seemingly eager to ease tensions between North and South, suggested in October that the United Nations "use its good offices as a mediator." Specifically, he called for a six-nation conference, made up of the United States, the Soviet Union, China and Japan, as well as the two Koreas, "to create an international environment more conducive to peace in Korea and reunification of the peninsula."[3]

There is no compelling reason for U.S. troops to be withdrawn at this time, but the eventual aim of the South Korean government should be to defend itself. Roh himself has declared he wants South Korea to be militarily self-sufficient by the mid-1990s. Washington could further this process by letting a Korean rather than an American head the ground force component of the Korea-U.S. Combined Forces Command, which includes mostly South Korean units. Nevertheless, the United States should not phase out any troops without getting something in return from North Korea. Washington should key any troop withdrawal to progress in North-South relations and to testing North Korea on its offer, made in July 1988, linking force reductions in the North and South to a gradual U.S. withdrawal from the peninsula.

Although South Korea is clearly of signal concern to any U.S. administration as Washington seeks a stable balance of power in Northeast Asia, it is also a promising land that is not likely to embroil the next administration in a foreign policy disaster that could shake its confidence. North Korea, on the other hand, is still the least rational of all potential enemies of the United States. However, the situation there has been stable

[2] See Selig S. Harrison, "Prospects for Korean Reunification: North Korea in Transition," testimony prepared for a hearing of the Subcommittee on Asian and Pacific Affairs, Committee on Foreign Affairs, House of Representatives, May 24, 1988.

[3] *The New York Times*, Oct. 15 and 19, 1988.

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for more than three decades and the likelihood of hostilities in that region is diminishing.

In the Philippines, Panama and Central America, on the other hand, our armed forces risk being directly engaged in a fluid and unpredictable conflict. Even those who discount any serious threat to American security from those countries must be aware of the domestic uproar that could engulf any administration should U.S. troops take part in military action there.

III

"While I have never varied in my feeling that we had to hold the Philippines," Theodore Roosevelt said in 1901, "I have varied very much in my feelings whether we were to be considered fortunate or unfortunate in having to hold them." The United States finally concluded that it could not and should not hold the Philippines as a colony forever, and independence was granted to the archipelago after the Second World War.

Even after granting independence, however, the United States has remained intimately involved in the Philippines—an involvement that has time and again proved to be a mixed blessing. Our Pacific naval strategy continues to revolve around our splendid deep-water naval base at Subic Bay and the military airbase at Clark Field. But our lease on those bases ends in 1991, and there is widespread opposition within the Philippines to its renewal. We have also continued to play a central role in Philippine politics—both by our support for the regime of Ferdinand Marcos and by our belated, but now heartfelt, support for his democratically elected successor, Corazon Aquino. Her government, and thus U.S. policy, is now under challenge, both economically and from a persistent communist insurgency.

There are endless arguments from the Filipinos as to why we should leave the bases. At bottom, the argument comes down to one essential refrain: the U.S. bases are an obtrusive manifestation of the Philippine dependence on the United States. Ridding themselves of the bases is seen by the Filipinos as one way—both real *and* symbolic—of ridding themselves of the plague of dependency.

The bases do provide valuable revenue—the United States has recently agreed to provide an increased level of $481 million a year for 1990 and 1991 in economic, military and development assistance (what the Filipinos like to call "rent"); the American armed forces spend more than $350 million in

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the Philippines, which includes about $100 million for "rest and recreation" by the 18,000 American personnel and their 19,500 dependents. In one form or another, the bases give work to almost 60,000 Filipinos. The paradox of the bases dilemma was well put by a former minister of agriculture: "I want the bases to go because most Filipinos rely on the Americans for everything."[4]

Those who oppose the bases cite their key role in U.S. defense strategy that thereby makes them a target for nuclear attack. The foreign minister, Raul Manglapus, has notably made this point. The Philippines also has a constitution that calls for "a policy of freedom from nuclear weapons in its territory." Moreover, the bases promote a number of serious social ills, such as prostitution and the spread of the AIDS virus (75 percent of all known cases are found in the cities surrounding Clark Field and Subic Bay). Most important of all, the bases have created an economy that remains crucial to Philippine well-being and in this respect preserves Philippine dependency on the United States.

Are the bases necessary to U.S. naval deployments in the Pacific? Although on balance retaining the bases would best fit U.S. military needs, the bases are not absolutely necessary to U.S. deployments. There are basically three options for the United States: to relocate the facilities to other existing U.S. bases in the Pacific; to relocate to an expanded base structure in Micronesia; or—the least desirable—to find host countries that would permit new bases to be constructed near the South China Sea.

The redeployment of base facilities to Japan (including Okinawa), Guam and Hawaii is really the only choice readily available if a sudden relocation from the Philippines becomes necessary. It would also probably mean overloading the capacity of existing bases; over the longer term, because of reduced times on station, this option would doubtless require new naval forces to defend U.S. interests in guarding the sea and air routes of Southeast Asia. Expanding the base structure in Micronesia would mean that such replacement bases would be smaller and more dispersed. Perhaps the least attractive option would be to find new bases in the South China Sea; Taiwan would seem the obvious choice, but any such arrangement

[4] See "A Question of Faith," *The Economist*, May 7, 1988, for an excellent survey of the Philippines.

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would seriously damage relations with the People's Republic of China.[5]

The bases dilemma, in short, forces the United States into a Hobson's choice. The inconvenience, costliness and strategic distortion of relocation have to be weighed against the political costs of prolonging Philippine dependency. Upping the rent would certainly seem a reasonable approach. Trying to duplicate elsewhere the facilities at Subic Bay and Clark Field would cost up to $10 billion.[6]

If the Filipinos really want us out, however, it would not be a strategic Waterloo. The bases, let us recall, were maintained after World War II to contain the Chinese. They are still strategically useful—but not indispensable—for keeping guard over the sea-lanes to Northeast Asia, and for supporting operations in the Indian Ocean. Their most important function in the future, however, would be to provide a considerable U.S. presence in the southern Pacific at a time when negotiations with the Soviet Union may be in the offing to reduce the number of naval battle groups that both superpowers now deploy in the region. Should such negotiations prove successful, then some reduction of forces in the Philippines might logically follow.

Nor are the Asian powers, both large and small, eager for the United States to withdraw to its own shores. The stability of Asia in the 21st century rests on a balance of power among the four great Asian powers—the United States, the Soviet Union, China and Japan. A unilateral withdrawal by the United States would surely endanger that equilibrium. Singapore's Prime Minister Lee Kuan Yew said only three things could disturb the optimistic course of Asian development: Japanese rearmament, protectionism in the United States or an American withdrawal from the Philippines.[7]

The preferred solution is, as might be expected, not necessarily the ideal one—to continue the current higher level of aid but start planning to relocate. It *is* vital for the United States to maintain a significant naval presence in the Pacific,

[5] See Alva M. Bowen, Jr., "U.S. Facilities in the Philippines," in *The Philippine Bases: Negotiating for the Future—American and Philippine Perspectives*, ed. Fred Greene, New York: Council on Foreign Relations, 1988. pp. 105–130.

[6] James Fallows in his article, "The Bases Dilemma," *The Atlantic*, February 1988, p. 21, suggests that "an extra $2 billion over five years is half of an extra aircraft carrier, or $1.75 more per person in taxes each year."

[7] *Ibid.*

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but the Philippine bases are not irreplaceable. Moving them to facilities in Guam, Okinawa and Hawaii may be cumbersome but would provide for a continued and significant American naval presence. With the bases out, the Philippines, with U.S. and other foreign assistance, might at last right its economy and strengthen the roots of democratic governance.

The bases dilemma is only the most visible problem facing the United States in its relations with the Philippines. A guerrilla war threatens the stability of the government and also poses a threat to the U.S. military installations that could yet provoke an American military response. The New People's Army now numbers about 25,000 and while it is not winning the war, it is not losing it either. To equip the Armed Forces of the Philippines, President Aquino proposes to spend ten percent of the budget in 1989, a 43-percent increase over the previous year. Not only does this strengthen the influence and power of the military, but it drains the deeply troubled Philippine economy.

In only three decades, a country that was probably the richest in Asia after Japan has become as poor as Indonesia. Neither democracy nor economic progress is served by the mounting costs of poor planning, a landless peasantry and a rich oligarchy. In a country of some 56 million, roughly 60 percent of the population live below the poverty line, which is officially set at about $120 a month for a family of six. Corruption—so-called crony capitalism—an underdeveloped agricultural sector, a poor export-oriented industrial base and a crushing debt burden, all contribute to the economic disaster that nurtures the insurgency. Total foreign debt approaches $30 billion. Moreover, the Aquino government's efforts to take on the private sector's external debt payments while neglecting the country's overall economic development has meant that in the budget for 1989 no less than 44 percent of spending has been set aside for debt servicing.

While there is talk of a new "Marshall Plan" for the Philippines that could total $5 billion to $10 billion in U.S. aid and contributions by Japan, other Asian nations and Western European countries, economic aid is no solution. There is little assurance that it would not find its way into external bank accounts and simply prove a windfall for the corrupt crony capitalists. Instead, a substantial portion of the external debt must be written off by the lenders; a genuine land reform program must be gotten under way; and the infrastructure of

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the country must be upgraded. The starting points of internal development must be farming and the expansion of the domestic market. In this regard, as two development economists have pointed out: "Two undertakings are central to increasing buying power in the countryside: redistributing wealth and raising productivity." Rather than emphasizing exports and seeking to compete with the South Koreas and Taiwans in the foreign marketplace, domestic needs should shape trading patterns.[8]

Can the United States cure corruption and make the Philippines safe for democracy? Surely it cannot. But neither can the United States ignore the fate of the islands that we conquered and ruled for half a century. The communist insurgents could easily stage a provocation that would engage U.S. military forces. The negotiations over the bases have to be resolved, in an atmosphere of diplomatic movement by the Soviet Union, which is seeking to repair its ties with mainland China. The Soviet Union has already suggested trade-offs between its bases in Indochina and the U.S. bases in the Philippines. Under these circumstances the mismanagement of our diplomacy in the Philippines could pose an even graver risk for our diplomacy toward the other powers of the region.

The democratically elected president, Corazon Aquino, is under great pressure. There have already been a number of attempted coups against her government. Even her vice-president, Salvador Laurel, publicly stated in August 1988 that she should step down because of the incompetence of her administration. Any return to authoritarianism would surely strengthen the communist insurgency, and the risk of U.S. military involvement would grow. Should this happen, the new Soviet diplomacy in Asia, calling for a reduction of navies in the Pacific Ocean, the reduction of armed forces and conventional arms in Asia and "confidence-building measures" for the security of the Pacific sea-lanes, would likely put the United States on the diplomatic defensive. Washington might well find itself stripped of the agility to explore these Soviet initiatives to the fullest and to set forth its own proposals that could lead to an overall reduction of military and naval forces in the region.

A growing communist insurgency that might lead to direct

[8] See Robin Broad and John Cavanagh, "No More NICs," *Foreign Policy*, Fall 1988, pp. 81–103.

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U.S. military intervention, accompanied by the collapse of Philippine democracy, could produce domestic consequences in the United States that would most certainly distort the foreign policy agenda of the next administration.

IV

The American involvement in Panama parallels our interest in the Philippines. While the United States has never occupied Panama, it certainly created it. Without the U.S. gunship off the Atlantic coast in 1903, Panama would have doubtless remained an appendage of Colombia. But Theodore Roosevelt wanted a canal across the isthmus. When the first canal treaty was signed between Secretary of State John Hay and the French engineer, Philippe Bunau-Varilla, no Panamanian signature was thought necessary. Later, when Roosevelt sought to find a legal defense for his behavior, his attorney general is said to have remarked: "Oh, Mr. President, do not let so great an achievement suffer from any taint of legality."[9]

Under the terms of the treaty, the United States was granted control "in perpetuity" over the canal and the Canal Zone. Under the Panama Canal treaties signed between Jimmy Carter and General Omar Torrijos in 1977, the canal is to come under Panamanian control on December 31, 1999. Yet the United States is permitted to act unilaterally in defense of the canal forever. The United States has the right to station forces and retain bases in Panama until the year 2000. The treaties give Washington no right to interfere in the internal affairs of Panama, and their signing generally defused the anti-Americanism that had been raging during the 1960s over the American presence.

What is generally overlooked in discussing this timetable is the enabling legislation that permits the United States to carry out the provisions of the treaties. At the end of 1989 a Panamanian must be named as chief administrator of the canal. This appointment must be approved by the president of the United States "by and with the advice and consent of the [U.S.] Senate."[10] There is little likelihood that any Panamanian named by the current head of the armed forces, General

[9] Cited in David McCullough's *The Path between the Seas: The Creation of the Panama Canal, 1870–1914*, New York: Touchstone/Simon and Schuster, 1977, p. 383.

[10] Panama Canal Act of 1979, Public Law 96-70, Section 1103, *Legislation on Foreign Relations Through 1985*, Volume II, Washington: U.S. Government Printing Office, 1986.

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Manuel Antonio Noriega, will be approved by the next U.S. president or the Senate. Should Noriega's appointee—or that of his successor—be turned down, the canal treaties themselves will be put in question. Should Congress then seek to revise or abrogate the treaties, our relations with the other countries of Latin America—Mexico, in particular—will sharply deteriorate.

Panama has been a political and diplomatic disaster for the Reagan Administration. In early March 1988 the Administration supported the attempt of President Eric Arturo Delvalle to fire Noriega as head of the Panama Defense Forces (PDF) by allowing Delvalle's agents to freeze all Panamanian assets in the United States, withholding the $6.5 million the United States pays each month for use of the canal and suspending trade preferences on Panamanian imports. This followed a Miami grand jury's indictment of Noriega in February 1988 for participating in a criminal enterprise in violation of U.S. drug and racketeering laws.

It was a point of no return. Later efforts by two senior State Department officials who went to Panama in mid-March to arrange for Noriega's exit were rebuffed. By applying only incremental economic pressure, the U.S. Administration helped make it possible for Noriega to survive. As Elliott Abrams, the assistant secretary of state for inter-American affairs, put it, "Our experience with Marcos and Duvalier had led us to believe [U.S. economic pressure] would work."[11] Neither Marcos nor Duvalier, however, was a military dictator.

Noriega, in the meantime, blocked a military coup on March 16 and later replaced a number of officers whom he believed might be disloyal. He also appointed about 20 younger officers as a "strategic military council" that he doubtless hopes will serve as a further safeguard against any attempts—either from within the military or stimulated by the United States—to overthrow him. Out of fear for what might befall it, the council may also try to prevent Noriega from accepting a deal with Washington that would let him leave Panama in exchange for having the indictments dropped. In this sense Noriega may have become a hostage to the very mechanism he created to protect him. In May, for example, the State Department sent Michael Kozak to try to arrange for the general's departure; the proposal was that if Noriega were to leave Panama in

[11] See *The New York Times*, Mar. 28, 1988.

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August 1988, he could return after the country's 1989 presidential elections. In addition, Washington offered $90 million in aid and said it would drop all drug charges. Noriega may well have been tempted to accept Washington's virtual surrender, but the strategic military council would have none of it.[12]

By autumn the Reagan Administration had no declared policy other than to continue the economic squeeze, even though this meant continued hardship for the Panamanian people, whose unemployment was running to about 20 percent. Even before the U.S. economic restrictions, Panama was suffering under the burden of the highest per capita external debt in the western hemisphere. Yet the size of the public sector has remained about the same, and the Panamanian armed forces are still being paid. Reports surfaced in mid-July that the U.S. Administration was prepared to use covert action and still hoped for an internal military coup against the general. Such a coup might have an even greater chance of success after the strategic military council has consolidated its forces and no longer fears Noriega's departure.[13]

Should Noriega hang on into next year and place his own man in the presidency in the May 1989 elections, then the whole drug-running, money-laundering operation will remain in place. There is also likely to be a growing Cuban presence in Panama. Havana has already stored arms throughout the countryside, and Fidel Castro has been steadfast in his support for Noriega.[14] With the pending withdrawal of Cuban troops from Angola, Castro may very well be seeking new foreign policy triumphs.

What is the next administration to do? Aside from hoping that something will turn up, the new president would be well advised to seek multilateral support in getting rid of the general. The most obvious candidate to head this effort is Venezuela. Former Venezuelan President Carlos Andrés Pérez claims he had an agreement pending with the general last February that would have guaranteed free elections in Panama and had Noriega go into exile in Spain. Negotiations broke

[12] See also James Chace, "Getting to Sack the General," *The New York Review of Books*, Apr. 28, 1988; Connie Bruck, "How Noriega Got Caught and Got Away," *The American Lawyer*, July/August 1988.

[13] See *The Washington Post*, July 27 and 28; *The New York Times*, July 28; *Newsday*, July 28, 1988.

[14] On the arms shipments, see *The New York Times*, March 23, 1988. Castro's support has been reiterated on radio and in the press, for example in *Granma* throughout February 1988.

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down when the United States applied economic pressure unilaterally.[15]

Another option is for Washington to apply a full economic embargo—which would include a ban on all exports and imports, a revocation of Panamanian landing rights in this country and a full ban on Americans traveling to Panama.

Neither of these approaches may work, and there is a continuing risk that anti-Noriega Panamanians may carry out guerrilla strikes against the Panama Canal in order to force American military intervention. Alternatively, Noriega himself may step up his harassment of U.S. armed forces stationed in Panama, move to prevent ships from entering the waterway or otherwise violate the integrity of the canal. Should the general take any of these courses, the likelihood of U.S. military intervention is high.

The last thing the Defense Department wants is to have to take direct military action against Noriega—for example, an attack on the PDF's headquarters in downtown Panama City. General Paul Gorman, the former chief of the Southern Command, has urged the United States to move the 10,000 troops of the command back to the continental United States precisely because of the vulnerability of Southcom to a cutoff of water, sewage and electricity.[16] It would seem weak of the United States to do so as long as Noriega is in power, but if a democratic government were to be elected, General Gorman's recommendations should be followed well ahead of the year 2000, the deadline set for removal of the Southern Command. Forces needed for the region could easily be deployed from a far more secure setting in Florida or Texas.

Even if Noriega were to leave, the Panama Defense Forces must be reformed. Only under these conditions could the transfer of the canal to the Panamanians and the withdrawal of the U.S. armed forces proceed peacefully. There is no way for the Bush Administration to put aside the issue of democracy in Panama. What is at stake is the inviolability of the canal which, even in an age of supertankers, remains a vital international waterway, with tolls and revenues reaching $330 million (in the fiscal year ending September 1987). The gradual transfer of the operations of the canal to Panamanians will only be

[15] *Latin American Weekly Report* (London), Mar. 10, 1988.

[16] See General Gorman's testimony before the Subcommittee on Terrorism, Narcotics and International Communications, Committee on Foreign Relations, U.S. Senate, Feb. 8, 1988.

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accomplished if the chief administrator and the canal board members are individuals of integrity who can be approved by the White House and U.S. Senate.

If Noriega's henchmen remain in control of Panama, then the provisions of the treaty are not likely to be carried out. This could mean using U.S. military forces to keep the canal under American protection in a Panama closely aligned with Cuba and Nicaragua. With the treaties imperiled and U.S. armed forces engaged, U.S. policy toward the rest of Latin America will be crippled in the wake of both a regional and a domestic fracas. Under these conditions, the United States would jeopardize a great deal more than Panama.

V

For the past ten years events in Central America have bedeviled and obsessed the Carter and Reagan Administrations. First came the success of the Nicaraguan revolution in 1979 that brought the Sandinistas to power, and soon thereafter a conflict in El Salvador between the Marxist guerrillas and a military-dominated government erupted into what has become an endless war. Despite the Reagan Administration's funding of the anti-Sandinista rebels or contras, despite the $2.7 billion in military and economic aid poured into El Salvador, the Administration has succeeded neither in ridding Nicaragua of the Sandinistas nor in decisively denying territory to the Salvadoran guerrillas. Yet the legacy in El Salvador is graver than the uncertain political situation that prevails in Nicaragua.

Since August 5, 1987, the peace plan drafted by Costa Rican President Oscar Arias Sánchez has provided a mechanism for negotiation among the three forces contending for power in Nicaragua—the contras, the internal opposition political parties and the ruling Sandinistas. Signed by the five presidents of the Central American nations, the Arias plan dealt with the need for democratic reform in the region rather than with external security.[17] Although the plan was supposed to apply to all countries of the region, it was designed primarily to promote a settlement in Nicaragua. It did also lead, however, to resumed contacts between the Salvadoran government and

[17] The Contadora initiative, in 1982, also looked to a regional settlement. It did not demand that the governments allow the opposition to have full participation in the political life of the country. In essence, the Contadora proposal stressed security considerations and stayed aloof from the domestic politics of the countries concerned.

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the guerrillas, and to the decision of the political leaders of the rebel front to return to El Salvador.

In the 15 months following the signing of the Arias plan, there has been a cease-fire and a number of meetings between the contra leaders and the Sandinistas. Press censorship has been lifted (it was slapped on again for 15 days in July), and Radio Católica was also allowed to rebroadcast—though it too was shut down again in July, then allowed to reopen at the end of August. Since then, Radio Católica has discontinued the news segment of its programming. Opposition groups have held frequent rallies to denounce the Sandinista regime, whose economic policies, coupled with the U.S. economic embargo, have led the country to the brink of bankruptcy and made it deeply dependent on the Soviet bloc for economic and military aid. At times the authorities have allowed these gatherings to take place without interference; at other times, such as last July at Nandaime, the internal security forces have responded by using tear gas and truncheons to break up a rally, and by arresting some of the demonstrators.[18]

By the fall of 1988 negotiations with the contras had broken down. Nonetheless, the fragile cease-fire prevailed. The contra leadership split and was reconstituted after Enrique Bermúdez, the rebels' military commander, was elected to the contra directorate. Yet it is likely that negotiations will resume: the Sandinistas are not indifferent to pressure from within the country, especially from the Roman Catholic Church, whose archbishop had mediated between the rebels and the regime at the Sandinistas' request, as well as from Costa Rica and Guatemala, whose leaders appear most eager to advance the peace process.

With their state security apparatus in place, the Sandinistas will almost certainly do what they can to consolidate the state along Leninist lines. Unless they openly repudiate the Arias accords, which is unlikely, the Sandinistas will have to accept a far greater degree of political pluralism than they may have ever intended. Under these circumstances the outlook for

[18] In September, House Speaker Jim Wright (D-Texas) revealed that the Central Intelligence Agency had become involved "in destabilizing and fomenting disruption" in Nicaragua aimed at provoking a crackdown by the Sandinistas and "providing an excuse for withdrawing from the peace process." U.S. officials agree that the CIA gave financial support to opposition groups but deny that the CIA organized the demonstration at Nandaime. *The New York Times*, Sept. 21 and 23, 1988.

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Nicaragua is a long-term struggle for power, continued internal tensions, and a sad and impoverished country.[19]

For the United States, the most sensible course at this juncture would be to support without equivocation the Arias accords, which, however, means accepting the very high likelihood that the Sandinistas will remain in power. The next administration should also sit down with the Nicaraguan government to open negotiations on America's legitimate security concerns. These would include agreements that would specify armed force levels, provide for the withdrawal of foreign military advisers and forbid the installation of foreign bases. A security agreement between Washington and Managua forbidding the import of advanced Soviet weaponry would at the very least establish the principle of accountability. Were the Sandinistas then to violate the agreement, there is every reason to believe that any U.S. administration could count on bipartisan support in Congress to use military force to compel the Sandinistas to remove the weapons. If these conditions were fulfilled, Washington might consider lifting its economic embargo. Doubtless Washington would also make clear to Moscow that any Soviet base, advanced weaponry or high-performance aircraft in Nicaragua would be intolerable. But Russia is hardly likely to challenge the United States so directly in America's sphere of influence, especially at a time when Gorbachev is seeking a variety of arms and economic agreements with the West.

Negotiating successfully with Nicaragua is now possible because there is a stable, if hostile, government in place, a waning insurgency that has no chance of victory and the guidelines of a peace plan that other Latin American nations support. The result could be some protection for the Nicaraguan opposition, a diminished Soviet presence and the beginning of the demilitarization of the region. The test of U.S. statesmanship will be its willingness to accept a messy solution to an intractable problem.

El Salvador represents a far greater challenge to the next administration. Here there is no stable government, a Marxist-led insurgency is alive and well, the prospects for political change are unpromising, and the United States has committed itself to military victory. When the Reagan Administration took office, however, things seemed even darker. The govern-

[19] See James Chace, "The End of the Affair?" *The New York Review of Books*, Oct. 8, 1987.

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ment had no legitimacy, the Salvadoran army was behind the death squads that terrorized the civilian population, and the guerrillas looked like winners. That much has changed.

Today, the government of Christian Democrat José Napoleón Duarte, albeit discredited and corrupt, is nonetheless freely elected. The elections, however, did not include the participation of the leftist forces supporting the rebels. Political killings still take place, but on a greatly reduced level, though over the past year the level of political violence has started to rise again. The Salvadoran army has been buttressed by enormous injections of American aid, and it cannot lose the war so long as that aid continues. But while the rebels cannot win, I was told by high U.S. military officers that they hold about one-third of the country, just as they did five years ago.

From the outset the Reagan Administration was convinced that the best way to prosecute the war was to "professionalize" the Salvadoran military. The 1980 Woerner Report laid down the basic lines for U.S. military assistance: it was not to become a war fought by American soldiers, but Washington would re-equip, expand and retrain the Salvadoran army. The Administration accepted a 55-man limit on U.S. military advisers, though by 1987 more than 100 advisers were in place. In 1983 a National Campaign Plan was devised by the U.S. military and accepted by the Salvadoran military. This plan was to involve the Salvadoran armed forces in winning the hearts and minds of the people aiding the guerrillas. It meant involving the army in civil action. It did not work.

In a devastating critique of the war, four field-grade U.S. officers have pointed out that after billions of dollars of U.S. economic and military aid, after years of training Salvadoran officers in U.S. camps, El Salvador's dependence on the United States is "near total." Over 50 percent of the Salvadoran government's budget now comes from the United States. The authors of this study said that those they interviewed "were unanimous in asserting that terminating American support for El Salvador with guerrillas still in the field will result in [the Salvadoran armed forces'] defeat and the collapse of [the government]."[20]

The reasons for this state of affairs are many and varied,

[20] *American Military Policy in Small Wars: The Case of El Salvador,* by A. J. Bacevich, James D. Hallums, Richard H. White and Thomas F. Young, Cambridge, Mass: Institute for Foreign Policy Analysis/Pergamon-Brassey's, 1988, p. 46.

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but, at bottom, they come down to three points: the use of the Salvadoran military as an engine of political reform, the use of conventional tactics in a guerrilla war, and the corruption of the Duarte government. Since at least the mid-1960s it has been characteristic of American policy in Latin America to use the military to bring about reform. This was tried in Panama when the Panamanian military under Torrijos was encouraged to engage in civic action projects, such as building schools and hospitals, with apparently little thought given to the corruption that these projects would inevitably produce.

In El Salvador, the Americans saw the armed forces as the "closest thing to an effective national institution." Security assistance was, moreover, controlled by the Salvadoran army, not the U.S. advisers, once Congress appropriated the money; it has been spent on high technology and heavy weaponry that are ill suited for a counterinsurgency operation. More and more was spent on helicopters, which meant keeping the men in the air above the people rather than on the ground where they might seize and hold territory.

As for the American effort to change the nature of the Salvadoran armed forces, that, too, was doomed. "Their vision stops where it begins to change their lifestyle," remarked one American officer.[21] The U.S. task was to persuade those officers to respect civilian authority and human rights. In fact, American pressure in the area of human rights did prove effective, because it was linked to the dollars the Congress was providing for the war. Under pressure from the Reagan Administration, political murders on both sides dropped to 23 a month by 1987, after averaging 610 a month in 1980.[22] The quality of military leadership was another matter. In the Salvadoran armed forces, whole classes from the military academy are promoted, irrespective of individual talent and initiative. The army fights a conventional war with heavy equipment at a time when the rebels have changed their tactics to emphasize smaller units and hit-and-run attacks. Salvadoran small-unit

[21] Quoted in *Ibid.*, p. 24.

[22] A report by the human rights organization Americas Watch states that "violent abuses by the Army, death squads and [the guerrillas] have intensified dramatically" in the first year covered by the Central American peace plan. This has led "many observers, ranging from the leaders of the Catholic Church to the government's own human rights commission, to speak of a return to the terror of the early 1980s." *Nightmare Revisited, 1987–88,* Tenth Supplement to the Report on Human Rights in El Salvador. An Americas Watch Report, September 1988, New York.

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tactics have been described by some Americans as "search and avoid patrols."

The military situation has shown little improvement since the early 1980s. The political scene is equally dismal. With the ruling Christian Democrats in disarray, the presidential elections next year are likely to produce a victory by the rightist ARENA (Nationalist Republican Alliance). Rightist groups were often behind the death squads. Although the new leaders claim to be committed to the democratic process, the prospect of an ARENA-led government does not offer much hope for judicial reform, for economic redistribution such as land reform or for any lesser dependence on U.S. economic aid to keep the country afloat.

What would happen if the United States were to walk away? The likely consequences are either a victory by the Marxist guerrillas or a genocidal war waged by the army, as the Guatemalan army conducted in the early 1980s and as the Salvadoran army itself did in 1932. Yet a policy of protracted war is no policy at all. Significant guerrilla gains or a return to wholesale abuses of civil rights would almost certainly cause a furor in the United States. At this stage of the war then, the best approach for the United States is to work for the demilitarization of El Salvador—and indeed of all Central America—which in this case means pressing for further negotiations between the rebel forces and the government.

The war in El Salvador is not likely to lead to direct U.S. military intervention. To avoid this, Congress will be far more disposed to continue supplying military aid than to risk the lives of American soldiers. But Congress will also demand a government that does not flagrantly abuse human rights. Perhaps the only real leverage we possess is for Congress to withhold a certain percentage of military aid and cash transfers each year until the administration reports to Congress on U.S. and Salvadoran efforts to settle the war. Aid to police forces could be linked to judicial reform and economic aid allocated for basic needs, reversing Reagan Administration priorities that provided three times as much funding for waging war as for development and meaningful reforms.[23]

[23] This suggestion comes from "Bankrolling Failure: U.S. Policy in El Salvador and the Urgent Need for Reform," a report to the Arms Control and Foreign Policy Caucus by Senator Mark O. Hatfield (R-Ore.), Representative Jim Leach (R-Iowa) and Representative George Miller (D-Cal.), November 1987.

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Under these conditions, what incentives are there for the guerrillas to negotiate? In the upcoming elections the political arm of the guerrilla front will be allowed, and is planning, to participate. Although the guerrillas remain militarily strong, they are also politically weak, unable to lead a broad-based insurrection. The alternative to negotiations—for the guerrillas as for the United States—is a war without any end in sight.

VI

South Korea, the Philippines, Panama, Nicaragua, El Salvador—these are all countries that are seen by others and by themselves, for good or for ill, as falling within an American sphere of influence. No administration at this moment in history, burdened with the legacy of the outgoing Administration, can long postpone the reckoning ahead. If these involvements are properly handled, the White House will be free to pursue overarching foreign policy goals with the Soviet Union and the other great powers. If they are bungled, the Bush Administration could emerge from its entanglements both dishonored and gravely weakened. And the American electorate will exact its penalty.

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Sol M. Linowitz

LATIN AMERICA: THE PRESIDENT'S AGENDA

We are approaching a decisive moment in our relations with Latin America. It is a time of major transition in the Americas, North and South. Not only is national leadership changing in the United States, but new presidents have recently come to power in Mexico and Ecuador, and presidential elections are scheduled in many other key Latin American countries. By the end of next year new leaders should be chosen in Brazil, Argentina, Venezuela, Bolivia, Jamaica and El Salvador. In 1990 elections are due in Colombia, Costa Rica, the Dominican Republic, Guatemala, Peru and Uruguay. A changing of the guard also now seems likely in Chile, and is not out of the question in Panama.

These shifts in leadership will inevitably transform the political map of the hemisphere. They are coming at a time when U.S.-Latin American relations are deeply troubled and uncertain—as much as they have been at any time in recent history.

The new U.S. Administration of President George Bush will need to come up with fresh and practical proposals to deal with some very difficult problems: the debt crisis, which has brought economic distress and deep frustration to much of Latin America; the burgeoning traffic in illegal drugs, now a shared tragedy for the entire western hemisphere; deep friction over migration and trade; and the persistence of Central America's turmoil. The hard fact is that U.S. policy is not effectively addressing any of these crucial issues. Conflict—not cooperation—has come to dominate U.S.-Latin American relations in the 1980s.

Not surprisingly, Latin Americans blame the United States for these strains. They criticize our impatience, our persistent impulse toward unilateral action and our repeated attempts to

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insist on Washington-designed solutions to regional problems. For our part, we charge Latin American governments with being too passive in the face of hemispheric security threats, too suspicious of our motives and too wedded to outworn principles that hinder effective action. In recent years, each of these stereotypes has dangerously reinforced the other.

It is urgently important that we break out of this unproductive circle of rhetoric and get on with the business of trying to solve common problems.

II

Our first priority must be to confront Latin America's debt crisis head on. Six years of economic distress have left Latin Americans bitter and frustrated. The region as a whole has already lost one full decade of development. Some countries have suffered even more. Per capita incomes in Argentina, Venezuela and Peru are today less than they were in 1970. Recovery in virtually every country of Latin America remains blocked by a massive burden of unpayable debt. The partial measures taken so far have kept Latin American countries on a treadmill of painful austerity, economic stagnation and rising debt.

Latin America's current economic problems have their roots in the 1970s, a period of unprecedented growth for the region. That growth was fueled by massive commercial borrowing spurred by very low international interest rates. In a climate of rapid growth and easy credit, the region's indebtedness grew more than tenfold between 1970 and 1982, from $27 billion to about $300 billion.

The cost of servicing that debt soared in the early 1980s as interest rates rose to record levels. At the same time, Latin America's capacity to meet its obligations dropped precipitously when global recession cut deeply into export earnings and the region's access to commercial credit was sharply curtailed. The debt crisis was the result of this deadly combination of high interest payments, falling export earnings and limited access to new loans.

The problems were compounded by a legacy of economic mismanagement. Public sectors throughout Latin America were bloated. Inefficient state enterprises were operating at large losses, while private firms had become dependent on cheap credit and other government subsidies. In some coun-

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tries, military spending added to the drain on government budgets, as did poorly functioning tax systems. Overvalued exchange rates promoted capital flight and discouraged investment in export industries.

Latin America's economic problems have exacted a high price. In the past six years, the people of Latin America have seen their jobs disappear and their wages fall. Workers in Mexico, for example, are earning 40 percent less today than they were in 1980. Some countries, including Brazil and Argentina, are confronting triple-digit inflation and record levels of unemployment. Throughout the region housing, schools, hospitals and other public services have deteriorated. Many cities are enduring food shortages and mounting street crime.

Financially strapped governments are unable to confront crippling social problems such as the vast gap between rich and poor, the grinding poverty of rural areas and city slums, widespread malnutrition and high rates of infant mortality. These problems are getting worse—and they are beginning to tear at the political and social fabric of much of Latin America. Democratic governments throughout the region are losing support because they cannot meet the basic demands of their citizens. Two of the most important new leaders to emerge in Latin America in the 1980s, Presidents Raúl Alfonsín of Argentina and Alan García of Peru, have watched their popular mandates erode in the face of deepening economic disarray. Many other democratic leaders in the region have suffered similar fates.

Latin America's economic plight has also been costly for the world's industrialized countries—for none more than the United States. As Latin American markets have contracted, the United States has lost $20 billion to $30 billion in exports per year, making it harder to resolve our trade deficit and eliminating hundreds of thousands of jobs in U.S. factories. U.S. exports to Mexico alone were nearly $5 billion less in 1987 than they were in 1980. Furthermore, major U.S. banks hold large portfolios of shaky Latin American debt. The loans of U.S. money center banks to Latin America continue to exceed the equity capital of these banks.

Moreover, as Latin Americans lose faith in their own economies, the pressures build for migration, legal and illegal, to the United States—nullifying the effect of the new and more stringent controls imposed by the comprehensive U.S. immi-

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gration reform act of 1986.[1] The drug trade becomes more difficult to control because Latin America cannot provide alternatives to the jobs and income now derived from narcotics. The region's major drug-producing countries—Bolivia, Colombia and Peru—earn a significant share of their foreign exchange from drug trafficking, which is also a critical source of livelihood in impoverished rural areas.

Finally, to the extent economic distress endangers democracy, it endangers security. Time and again, democratic governments have shown that they are the most reliable defense against guerrillas and the intrusion of Soviet power in the Americas. For our sake as well as theirs, Latin Americans cannot be allowed to lose another decade of development.

Latin America is hardly a stranger to economic and social problems, but the debt crisis is at the heart of its current distress. Because they are repaying vastly more to their foreign creditors than they receive in fresh credits, Latin American governments are starving for the resources needed to pay for vital imports, new investments and sustained growth. In the past five years the region has paid out upwards of $120 billion more in principal and interest than it has received in new loans. To make these payments Latin American countries have had to curtail imports sharply—for the region as a whole, imports are now nearly 30 percent lower than they were in 1980. Argentina's imports have dropped by nearly one-half; those of Brazil and Mexico by more than one-third. Domestic investment in the region has declined by some 30 percent, and foreign investment has plummeted by about 75 percent. In many countries machinery, plants and infrastructure are depreciating faster than they are being replaced. Growth has been imperiled for years to come.

Compounding Latin America's financial bind has been the leveling off of resource flows from the major international financial institutions—the International Monetary Fund (IMF), the World Bank and the Inter-American Development Bank (IDB). Most of Latin America's major debtors, including Brazil, Mexico and Argentina, are now paying more in interest to these public institutions than they are receiving in new loans.

[1] The Immigration Reform and Control Act of 1986 (IRCA), the most sweeping reform of U.S. immigration policy in the last 35 years, became law in November 1986. Its key provisions established, for the first time, legal penalties for employers who knowingly hire undocumented workers, strengthened border enforcement, and offered opportunities for certain groups of undocumented migrants to acquire legal status.

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The United States remains committed to the debt strategy proposed by U.S. Treasury Secretary James A. Baker III in September 1985—the so-called Baker Plan. That strategy counted mainly on new public and private lending to provide Latin America with the resources needed to rekindle growth and defuse the debt crisis. So far it has not produced either the resources or the results promised, and few in Latin America now believe it ever will.

Instead of lending more to the region, as called for in the Baker Plan, the commercial banks have reduced their commitments. In 1986 the banks collected almost as much in principal repayments as they disbursed in new credits. Substantial loans to Mexico and Argentina accounted for most of the aggregate increase in bank lending to Latin America in 1987. Few other countries obtained commercial financing, aside from short-term trade credits. When major U.S. banks decided in mid-1987 to set aside large reserves against Third World loans, they made clear the high risk they assigned to this debt—and signaled their intention to keep future lending to a minimum.

The time has come for the United States—in cooperation with Latin America, Western Europe and Japan—to devise a policy that can work. The full burden of solving the debt crisis clearly cannot fall on any one party. The debtor and creditor governments, together with the commercial banks, will have to find the right formula for sharing the costs.

Any solution to Latin America's debt problems requires two reinforcing initiatives. First, Latin American countries must undertake needed reforms to improve the management of their economies. Second, the countries must have access to significantly larger amounts of external resources. Neither is sufficient by itself. The infusion of new resources—for investments and vital imports—is essential for the successful implementation of economic reform and growth programs. Given the currently inadequate flows of external financing from both private and official creditors (and the small prospect of any significant increase), needed resources would have to come in large measure from reduced debt payments.

At the same time, Latin American countries must adopt sensible policies to assure that the external capital provided is put to productive use, not squandered. Governments must trim fiscal deficits, which lead to high inflation and also divert scarce resources from private investment. They must allow markets to determine most prices, move to eliminate subsidies to inef-

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ficient public and private enterprises, and maintain realistic exchange rates that provide the right incentives for exports.

Economic and financial authorities in Latin America have to a significant extent recognized the need to undertake such measures; and, in varying degrees, the countries of the region have improved their economic management—particularly in the area of trade policy. But, aside from a few countries such as Mexico and Chile, fundamental economic reform has progressed slowly. Shortages of foreign capital and cramped domestic budgets pose serious obstacles to reform efforts, as do domestic politics. Many countries initiated tough measures to control fiscal deficits and inflation, but could not sustain them over time. Brazil and Argentina, for example, launched innovative anti-inflation campaigns in 1986 and 1987. After showing encouraging early results, both subsequently collapsed, underscoring the difficulty of fiscal reform in weak economies where the public demands quick improvements.

Every nation that pursues sound economic policies should have its debt payments fixed at a level that allows for recovery and sustained growth. That growth must be sufficiently vigorous—at least five percent per year for the region as a whole—to reduce unemployment, allow for meaningful social advances and avoid political instability.

The most feeble economies of the region may require, in one form or another, outright forgiveness of a significant portion of their debt. An imaginative debt buy-back scheme has already been adopted for Bolivia. With new loans from the United States and other official creditors, Bolivia is repurchasing its commercial bank debt at deflated market prices. This approach might be extended to several other countries, such as Peru, Costa Rica and the Dominican Republic, whose debts are selling for less than 15 cents on the dollar in secondary markets.

Not many countries will need such extensive relief. For most of the larger debtors, reduced interest payments over several years, combined with some stepped-up lending and some rescheduling from the international financial institutions, should be enough to restore a healthy rate of growth—if the debtors have sensible economic policies in place.

The precise combination of relief and new lending will have to be calculated separately for each country. Argentina, for example, with an annual interest bill equal to more than 50 percent of its export earnings, will require far more significant

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reductions than either Brazil or Mexico, whose interest payments are a considerably smaller percentage of export revenues. The Bush Administration should, soon after taking office, call on the World Bank and the IMF to evaluate the debt-payment capacity of each Latin American country. The two institutions have already done most of the calculations necessary for such evaluations.

The costs of confronting Latin America's debt crisis in this way will not be insignificant. Commercial banks will have to write down some loans and/or accept reduced interest payments. Most banks have already substantially reduced their Latin American exposure and created large reserves against anticipated losses. But the United States and other creditor governments—either directly or through international financial institutions—will have to provide at least partial guarantees to the banks to assure them that remaining debt obligations will be paid. According to several estimates, the up-front cost of such guarantees might be on the order of $15 billion to $20 billion—most of which, practically speaking, would have to come from the trade-surplus countries of Japan and Western Europe, although the United States must also be prepared to contribute.

All this will no doubt be difficult to work out and accomplish, but we surely have the technical competence to do so. What we most need is political leadership and resolve. The longer we delay taking decisive action, the greater the ultimate cost will be—to the United States as well as to Latin America.

III

Our second aim should be to join with the countries of Latin America, Europe and Canada in finding a resolution for Central America's wars and in working to build a lasting peace in the region. The August 1987 accord among the five Central American presidents—based on the plan put forth by Costa Rican President Oscar Arias—provides a viable framework to end the region's conflicts. It is based on three principles: nonaggression among the governments of Central America, an end to external support for insurgencies, and respect for political freedoms.

Real progress has been made toward regional peace and reconciliation in the past year and a half. Most important, the cease-fire negotiated in March between the Sandinista government of Nicaragua and the Nicaraguan resistance (better

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known as the contras) has held, with only sporadic violations reported. But the progress remains limited and all-too-easily reversible. The crackdown on opposition activity in Nicaragua last summer underlines just how fragile that progress is.

We must not forget that antagonisms run deep in Central America, that violence has become an everyday fact of political life, and that the region is still an armed camp. During the past five years, the military forces of El Salvador and Nicaragua have quadrupled in size and budget. Both countries have endured many thousands of deaths, the displacement of hundreds of thousands of refugees, and hundreds of millions of dollars in damage. They have sacrificed a whole decade in self-destruction. Not since the Mexican Revolution of 1910–20 has internal warfare in Latin America been so brutal or so prolonged.

Central Americans on all sides are making clear that they want to turn from waging war to making peace. But even if negotiations were to succeed in bringing the region's conflicts to an end, the countries of Central America would still face the enormous tasks of rebuilding shattered economies, reconciling hostile political forces and alleviating widespread poverty and social injustice. In short, the root causes of violence in the region must be addressed if peaceful, democratic development is to be sustained.

Specifically, the United States should undertake an unambiguous commitment—as it has not done so far—to abide by the spirit and letter of the Arias Plan. As the plan proposes, the United States should confine any further support to the contras to humanitarian aid. We should encourage the contras to negotiate with the Sandinistas and to work seriously and persistently toward reaching an acceptable agreement.

The contras are clearly in a far weaker position today than they were a year ago. Most of the contra troops are in Honduras, not Nicaragua. They have received no military shipments from the United States since February—and they cannot count on renewal of such aid any time soon. No longer are they in a position to wage an effective military campaign against the Sandinista army. But the Sandinistas have also been weakened. They may have effectively contained the contra insurgency, but the Nicaraguan economy is in shambles and popular discontent is rising. As long as the conflict remains unsettled, Nicaragua cannot hope to obtain desperately needed economic assistance from the international community. The Sandinistas

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must also remain concerned about the prospects of renewed U.S. military aid to the contras, and even about the possibility of direct U.S. intervention. The interests of both sides would be served by a negotiated settlement.

The United States must help assure the other countries of Central America that their national security and territorial integrity will be protected. The incoming U.S. administration should undertake direct negotiations with the Nicaraguan government. Such negotiations should seek a security agreement that reduces the size of Nicaragua's army, prompts the withdrawal of Soviet and Cuban military personnel from Nicaragua, sharply curtails new weapons acquisitions and prohibits any and all Sandinista assistance to insurgents elsewhere.

The provisions of a security agreement must be made as precise and comprehensive as possible so there is no question as to commitments undertaken. Effective procedures must be specified and put into place for monitoring and verifying the final arrangements. Canada and several European countries have expressed their readiness to participate in the design and implementation of the necessary procedures.

It will not be easy to devise adequate security arrangements in Central America. But there will surely not be a satisfactory settlement unless we start negotiating. What is most needed is for Washington to become fully engaged in the diplomatic process.

We must also work to advance human rights and democratic politics in Nicaragua. Indeed, a centerpiece of the Arias Plan is democratic change in Nicaragua. Nicaragua, however, has never been ruled democratically, and it will surely not become a democracy from one day to the next. Sustained diplomatic and political pressure from the United States and other Western democracies is more likely to accomplish this goal than is military force. Particularly helpful would be multilateral support for democratic forces within Nicaragua, including, for example, business associations, trade unions and the media. In addition, international assistance for rebuilding Nicaragua's devastated economy should be conditioned on democratic reforms that open real political space for opposition groups.

The United States also faces difficult policy choices elsewhere in Central America. The civil war in El Salvador is no closer to resolution now than it was eight years ago. And in Guatemala a guerrilla insurgency continues to smolder. In both countries, elected civilian governments remain weak and constrained by

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powerful military establishments—and human rights abuses are widespread. Neither country is likely to achieve peace through military victory, and the United States must begin to use its considerable leverage actively to promote negotiated settlements—as called for in the Arias Plan—as the basis for the eventual reconciliation of the warring parties.

But if the countries of Central America are ever finally to break their deadly cycle of deprivation, repression and violence, the region's economies must be rebuilt, expanded and made more equitable. The need for emergency relief from the United States and other countries is obvious—especially to help refugees rejoin their societies or relocate permanently. The United States and the rest of the international community should also help the region rebuild its infrastructure and productive base, improve social services and restore regional economic links.

Major attention must be given to Central America's critical problems of debt and trade. Industrial countries should offer improved access to their markets for the region's exports and provide compensatory financing when export prices drop. Interest payments, at least for Central America's official debt, could be used to establish a special fund for the region's reconstruction. Regional approaches should be promoted because they make the most sense economically and could reinforce the peace process.

IV

A third priority is for the United States, along with other established democracies, steadfastly to support democracy and democratic institutions throughout Latin America. Democracy is today taking hold in Latin America. Few countries enjoy full, unfettered democracy, but more than 90 percent of the region's population is now governed by democratic leaders. Latin America's six largest nations—Brazil, Mexico, Argentina, Venezuela, Colombia and Peru—are ruled by civilian governments. In all of South America only two countries still suffer military dictatorships—Paraguay and Chile—and Chile took a critical step toward a democratic transition on October 5 when the voters in that country denied General Augusto Pinochet his bid to remain in power for another eight years. By contrast, just ten years ago, only two South American countries were governed democratically. Democratic change is also advancing

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in Central America, if by fits and starts. And in the Caribbean authoritarian regimes hold power only in Cuba and Haiti.

These democratic advances are gratifying, but they are still tentative and tenuous. Throughout Latin America democratic institutions are fragile and beleaguered. The regionwide economic crisis is compounded in half a dozen countries by guerrilla insurgencies and by drug-related corruption and crime in many others. Peru and Colombia face both challenges. In too many places, military establishments escape civilian control and retain enormous power and influence. Not only in Central America, but also in such countries as Peru, Ecuador and Argentina, the armed forces may once again openly challenge democratic rule.

Already these multiple pressures are taking their toll on democratic governments. In country after country, moderate and pragmatic leaders have been unable to govern effectively. Few have managed to retain popular support. Since 1982, when the debt crisis emerged, ten presidential elections have been held in Latin American countries with civilian governments. In eight of them, the opposition candidate came out on top. In Peru and Bolivia, governing parties suffered humiliating defeats at the polls, obtaining less than ten percent of the votes cast. In Mexico, where the ruling Institutional Revolutionary Party (PRI) held onto power, the next president assumes office with the weakest mandate of any Mexican president in the past half-century. In one sense, this regional pattern is positive in that it shows that genuine competitive politics are emerging, but it is also dangerous. If confidence in popularly elected governments continues to erode in Latin America, not only specific leaders but democratic rule itself may lose credibility.

Solving the debt crisis and ending Central America's wars would do the most to bolster democracy in Latin America. But other measures can also help to nurture democratic rule. These include: strong official statements in support of democratically elected governments; denial of economic and military assistance to regimes that violate human rights and repress civil liberties; and financial and technical assistance to strengthen electoral processes, freedom of the press, legislative and judicial systems, trade unions and other civic institutions.

It is important to recognize, however, that democracy, by its very nature, must be achieved by each nation largely on its own. Democracy is not an export commodity. It can and should be nurtured from abroad, but it cannot be transplanted from

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one country to another. The most effective outside support is indirect—cooperation in multilateral programs and assistance for social and economic development. Policies that are unilaterally interventionist should be rejected.

V

As a fourth goal, it is of utmost importance that the United States work closely with Latin American nations in attacking the hemispheric drug trade. For all of the anger in the United States about the flow of illegal drugs from Latin America, the new administration will have to understand that the drug crisis is a shared tragedy for both halves of the hemisphere. Drug use is increasing rapidly throughout Latin America. According to some reports, for example, Colombia now has more cocaine addicts per capita than does the United States.

Moreover, the governments of Colombia, Bolivia and Peru are being overwhelmed by the massive corruption and growing power of drug traffickers. Judges, police, military officers and elected officials are being bought by narco-dollars and intimidated by violence. Drug criminals have taken control of large areas of national territory and often cooperate—sometimes tacitly and sometimes directly—with antigovernment guerrillas. Worse, more and more Latin American countries are being drawn into the narcotics network. Some 15 nations are now involved in producing, processing and distributing cocaine.

U.S. pressures on Latin American governments to intensify the eradication and seizure of narcotics have not curtailed the drug flow. Instead, they have become a new and damaging source of friction in inter-American relations. But drugs do not have to be a source of conflict. They can and should be a challenge for joint hemispheric action. The new administration should seek sustained cooperation from Latin American countries to fight both their and our narcotics problems.

As Americans, we must accept the fact that the drug problem will not be solved quickly or easily. In fact, there are no good solutions right now. We must be honest in recognizing that the war against drugs will be won only if the United States can curb its own demand for illicit drugs. The recently approved Omnibus Drug Bill for 1988 increases funding for drug education and treatment in the United States, and generally gives greater emphasis to reduction of demand. It may signal a welcome recognition that the only way to deal with the problem is to face it squarely and honestly. We must make the necessary

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resources available and put them to work where they can be most effective.

The United States, for example, now spends more than $1 billion a year trying to interdict drugs at the border, with little effect on either the price or availability of drugs in this country. Some of those resources could be put to better use for anti-drug efforts in the producing countries themselves. Eradication campaigns have had some success when they have been backed by real commitment and sufficient financing. Mexico and Jamaica have been able to reduce their marijuana production substantially. Ecuador has nearly stopped the cultivation of cocaine.

Eradication programs could be made more effective, not primarily by spending more to uproot crops, but by investing more in rural areas to create new jobs and income for peasant farmers and others who currently derive their livelihood from narcotics. Ultimately, sustained economic development is what is required to wean drug-producing regions from their dependence on drug crops.

Washington should be helping countries to design and implement their own drug-control strategies rather than pressuring them to adopt U.S. prescriptions. Fragile democracies are further weakened when they are forced by external pressure to undertake actions that do not reflect national choices.

VI

As a fifth objective, the United States should take leadership in actively supporting the rebuilding of inter-American institutions. During this difficult period of strain in U.S. relations with Latin America, the countries of the region have made significant and welcome moves toward cooperation among themselves. The Central American peace initiative is the outstanding example. But it could not have occurred if the Contadora countries—Colombia, Mexico, Panama and Venezuela—had not paved the way by creating a framework for a regional peace settlement.

In addition, the presidents of the Contadora countries and their South American "Support Group"—Argentina, Brazil, Peru and Uruguay—have initiated annual summit meetings. This group of eight countries (actually seven, since Panama's participation has been suspended) is now seeking to establish a permanent forum for regular interchange and consultation among Latin America's democratic governments. It is still

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uncertain whether this can be done effectively on a sustained basis or whether it will lead to greater confrontation rather than increased cooperation with the United States.

While intra-Latin American cooperation has been growing, established inter-American institutions have atrophied. The Organization of American States in recent years has become all but irrelevant in hemispheric affairs—overlooked, ignored, forgotten. Over the past two decades, the OAS has been immobilized on key hemispheric issues by persistently divergent views of the United States and Latin America as well as among the countries of the region. In recent years, important matters have been increasingly dealt with outside of the OAS, thereby causing the organization to lose its role and significance.

The Inter-American Development Bank is currently mired in a damaging dispute between the United States and its Latin American members. The dispute, which has stalled a scheduled and urgently needed $20–$25-billion replenishment of the bank's capital, centers on voting procedures for approving loans. As a condition for renewed support, the United States has demanded a controlling voice in lending decisions to assure that a series of agreed-upon policy changes are fully implemented. The IDB's Latin American members have been unwilling to accept this demand. A high-level review committee is now studying the operations of the Inter-American Development Bank and will make its recommendations before the end of the year. Both the United States and the nations of Latin America should be prepared to accept these recommendations, resolve their dispute and restore the bank's important role in funding regional development efforts.

Strong inter-American institutions could contribute in important ways to the hemisphere's capacity to deal with collective security concerns, to mediate conflicts between nations, to foster economic development and to help protect human rights. They can only be effective in these tasks, however, if the governments of the region truly want them to work.

A strong commitment to these institutions from the United States, the hemisphere's most powerful country, would surely help encourage others. Such a commitment would require credible assurances from Washington that it will not intervene unilaterally in the internal affairs of Latin American countries. It would also require that we fulfill our financial obligations to the OAS—as we have not done in recent years.

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VII

Finally, the United States now faces many critical problems in its bilateral relations with specific countries. Two countries—Mexico and Panama—are likely to present Washington with especially difficult challenges.

No country in the western hemisphere, and very few elsewhere, affects the lives of Americans more than Mexico. Mexico is our fourth-largest trading partner and our most important foreign supplier of oil. Millions of Mexicans cross into the United States each year in search of jobs and a better life. Mexico is a vital player in hemispheric debt and trade issues, and has been a leader in the Contadora group promoting a peace settlement in Central America. Mexico is also the largest source of heroin and marijuana for the U.S. market. Every problem that divides the United States and Latin America is magnified many times over in the case of Mexico. We cannot escape Mexico's influence any more than Mexico can escape ours.

Mexico today is a troubled society, facing wrenching political and economic transformations. Since the debt crisis emerged in 1982, the Mexican economy has been virtually stagnant: real wages have dropped by nearly 40 percent, the unemployment rate is higher than ever and inflation remains a constant threat. Mexico has made painful sacrifices to meet its international debt obligations and to reform its economic policies.

The recent U.S. decision to provide Mexico with a short-term $3.5-billion bridge loan while new World Bank and IMF financing is being arranged will help to shore up the Mexican economy during a particularly difficult period of low international oil prices. This was a welcome initiative, but it can only be considered a stopgap measure. Like the other highly indebted countries of Latin America, Mexico will require further significant help if it is to sustain its promising economic reform program and restore a healthy pace of growth.

Popular demands for an end to austerity are mounting—and putting unprecedented strain on the country's political system. Recent presidential and congressional elections in Mexico underscored the depth of popular discontent in that country. The election results effectively ended Mexico's long history of one-party rule. The new president, Carlos Salinas de Gortari, will confront a more open, competitive and demanding political environment.

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Mexico's economic and political changes may well establish the foundation for a healthier society in the longer run, but the immediate future is likely to be characterized by greater instability and unpredictability. The consequences for U.S.-Mexican relations are still uncertain.

U.S. policy toward Mexico in this next period must deal with a long list of difficult problems—debt, trade, drugs, migration, border management and others. In confronting these problems we should be guided by a few simple principles:

—The United States must refrain from intervening—or even giving the appearance of trying to intervene—in Mexico's domestic affairs. Mexicans are proud, sensitive and highly nationalistic. They must be left to determine their own social, political and economic arrangements free of outside interference.

—Washington should, as a matter of course, consult with Mexico City on those domestic and foreign policy initiatives that significantly affect Mexico—including, for example, migration policy, drug control efforts, trade and debt measures, and actions in Central America. Such consultations will not only help to reduce conflict over specific issues; they should also contribute to more effective approaches to our common problems.

—Finally, we must accept the fact that disagreements with Mexico are inevitable. The United States should not, as it has too often done in the past, ignore these conflicts or pressure Mexico to accept the U.S. position. Nor can we allow tensions over specific issues to contaminate the broader relationship. Instead, we must face our differences honestly and work hard to find mutually satisfactory solutions.

U.S.-Mexican relations can be improved and made more constructive. Greater cooperation and less acrimony between our two countries is surely possible—not overnight, but certainly over time. What is most needed is for the United States consistently to demonstrate its respect for Mexico as a nation and as a neighbor.

Turning now to Panama—a country that today is in deep crisis. Our actions toward Panama over the past year, which directly contributed to that crisis, have come to epitomize for many Latin Americans much of what is wrong with U.S. policy toward the entire region. Their dismay is understandable. For too long, we accepted the corrupt and dictatorial rule of

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General Manuel Noriega. The Administration then sought unilaterally to force him out with a strategy that was risky and ill considered. The end result is that the Panamanian economy has been devastated, and Noriega has tightened his hold on power. Moreover, our intervention undercut promising efforts by several Latin American leaders to negotiate Noriega's departure—and it also set back the country's internal opposition.

If there is one bright spot in this policy debacle, it is that the Panama Canal treaties have not emerged as a major issue either in Washington or in Panama. Both sides fortunately recognize their mutual interest in maintaining the integrity of the treaties—and have so far carefully avoided entangling them in the current crisis.

Our interests and those of the Panamanian people would surely be served by Noriega's departure from power and the establishment of democratic rule in Panama. But the new administration should respect the initiative of the Latin Americans and firmly support their efforts to promote a negotiated solution between General Noriega's forces and Panama's internal opposition. We should also announce our willingness to assist Panama in rebuilding its economy once there is demonstrated progress toward democracy.

VIII

It should be clear that the western hemisphere will present the new administration with some of its toughest foreign policy challenges. To confront these challenges successfully, the United States must reorder its hemispheric priorities.

For too long, we have been obsessed with events in a single small country—Nicaragua—while other, more portentous hemispheric problems have gone unattended. Obviously, we must guard against significant threats to hemispheric security from the Soviet Union, Cuba, Nicaragua or any other source. And most citizens and governments throughout the hemisphere join us in opposing the projection of Soviet power in the Americas. We should not, however, exaggerate security threats to the neglect of other significant issues, or seek to address them in ways that isolate us from our allies in the region.

It is worth emphasizing once again that Latin America's debt trap, more than any other hemispheric issue, demands far greater attention and action from the United States than it has been getting. The protracted regional economic crisis com-

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pounds in damaging ways all of Latin America's other problems and has grave implications for the United States.

We must also understand that there are no "quick fixes" for major hemispheric problems, nor should we expect any sudden changes in Latin American attitudes toward the United States. We must, instead, accept the fact that conflict and tension will pervade our relationship with Latin America for years to come. The United States and Latin America have legitimate differences in interests on many specific issues. We are also divided by long-standing, deep-seated and sometimes well-founded suspicions of each other. It will take time and persistent effort to reshape U.S.-Latin American relations and make them more constructive. The United States will have to display much more patience and understanding than it has to date.

Above all else, we must understand that solutions to hemispheric problems cannot be manufactured in Washington and imposed on Latin America. They must be forged as cooperative undertakings between the United States and Latin America. Unilateral initiatives are rarely effective, and understandably antagonize our Latin American neighbors. We need the cooperation of Latin American countries just as much as they need ours—and we must work hard to obtain it. Common problems must be addressed jointly. Our fundamental goal must be to restore a sense of trust and partnership in U.S.-Latin American relations.

The new administration could quickly make clear its commitment to that goal by announcing, upon assuming office, its willingness to participate in a summit conference with the presidents of Latin American democratic countries to discuss issues of common concern and to formulate a common course of action. The timing is right and the need is urgent. The resurgence of democratic rule in Latin America provides a foundation of shared values that should be making U.S.-Latin American cooperation easier and more productive. The magnitude of the problems we face together makes such cooperation essential.

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Walter B. Wriston

TECHNOLOGY AND SOVEREIGNTY

One of history's recurring themes is man's inability to credit information which conflicts with his prejudgments. Examples abound. In her book, *Practicing History*, the American historian Barbara Tuchman uses the Japanese attack on Pearl Harbor as one illustration of this. Despite the fact that Japan had opened the Russo-Japanese War in 1904 by a surprise attack against the Russian fleet, American authorities dismissed the possibility of a similar maneuver in 1941: "We had broken the Japanese code, we had warnings on radar, we had a constant flow of accurate intelligence . . . we had all the evidence and refused to interpret it correctly, just as the Germans in 1944 refused to believe the evidence of a landing in Normandy." Tuchman concludes: "Men will not believe what does not fit in with their plans or suit their prearrangements." This phenomenon, unfortunately, is not limited to discrete events.

When major tides of change wash over the world, power structures almost inevitably reject the notion that the world really is changing, and they cling to their old beliefs. In the past some changes came slowly and gave us the time we needed to adjust to a new reality. In the last years of this century, however, the velocity of change in the world has become so great that there are literally no precedents to guide us. Policymakers are discovering that many of the events that are altering the world come not in response to their actions, but are driven by technologies which they may only dimly understand.

II

About 85 percent of all the scientists who have ever lived are alive today. With their advanced tools and increased creative opportunities, it is not surprising that the rate of change is now more rapid than at any time in human history. "The entire Industrial Revolution," says Dr. Carver Mead of the California Institute of Technology, "enhanced productivity by a factor of

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Walter B. Wriston is a consultant to the secretary of state and former chairman of Citicorp/Citibank. Copyright © 1988 by Walter B. Wriston.

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about a hundred," but "the microelectronic revolution has already enhanced productivity in information-based technology by a factor of more than a million—and the end isn't in sight yet." The immense consequences of this technological revolution have not always been grasped by policymakers.

Politicians and diplomats are by nature attracted to those political historians who record the rise and fall of nation-states, but they generally display little interest in the history of science. This lack of interest compounds the difficulty of understanding what is happening. Indeed, many renowned history books barely mention the impact of science on the course of political events. Even in ancient Greece, as Plato records, engineers were not held in high regard by philosophers: "You despise him and his art," he wrote, "and sneeringly call him an engine-maker, and you will not allow your daughter to marry his son or marry your son to his daughter." Very little has changed, even though scientific achievements are altering the shape of national and international events in fundamental ways.

A good example is the launching of *Sputnik* by the Soviet Union on October 4, 1957. At the time, world reaction was divided. Dr. Edward Teller opined that the United States "had lost a battle more important and greater than Pearl Harbor." President Eisenhower, however, took a more sanguine view:

> So far as the satellite itself is concerned, that does not raise my apprehensions, not one iota. I see nothing at this moment . . . that is significant in that development so far as security is concerned, except . . . it does definitely prove the possession by the Russian scientists of a very powerful thrust in their rocketry.

The chancellor of West Germany, Konrad Adenauer, related the event to European geography: "Five hundred and sixty miles is only the distance from Bonn to Vienna. It does not prove they can fire anything parallel to the earth over a distance of many thousand miles."

In the blinding clarity of hindsight, Dr. Teller was probably closer to the mark in some ways than the politicians. Despite the initial reactions to *Sputnik's* launch, what should no longer be in dispute is that satellite technology changed the world forever. Even today the full consequences are not yet known. On the other hand, the fallout from the event did galvanize America to mount a program that would put a man on the moon.

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The convergence of computers with telecommunications has created an information revolution. One observer, the journalist Mike O'Neil, has said that this revolution is "hurrying the collapse of old orders, accelerating the velocity of social and political change, creating informed and politically active publics, and inciting conflict by publicizing the differences between people and nations."

The impact of information technology, moreover, has a profound effect on the rate of advance of all science, since calculations that used to take years can now be made in minutes. Scientific knowledge is currently doubling about every 13 to 15 years. The old industrial age is being slowly replaced by a new era of the information society. This transition does not mean that manufacturing does not matter, or that it will disappear, any more than the advent of the industrial age meant that agriculture disappeared. What it does imply is that, like agriculture today, manufacturing will produce more goods for more people with less labor. It also means that the relative importance of intellectual capital invested in software and systems will increase in relation to the capital invested in physical plants and equipment. Traditional accounting systems designed for an earlier age no longer reflect what is really happening, either in business or national economics.

III

The information revolution is changing our global economy, transforming national political and business institutions and altering national foreign policy objectives and the methods of achieving them.

Changes of this magnitude are profoundly disturbing to the power structure, and with good reason. The mismatch between the fruits of new technology and the operation of the political process, whether in government, business or the family, has often produced unrest, changing value systems and sometimes, indeed, revolution. Just as the spread of rudimentary medical knowledge took away the power of the tribal witch doctor, the spread of information about alternate life-styles in other countries threatens the validity of some official doctrines and thus some governments' power bases.

Knowledge has always conferred power on those who have it and know how to use it, and the proliferation and dissemination of information to huge numbers of people can be, and more often than not is, a precursor to a shift in the power

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structure. But the effects of the information revolution go even deeper: the very nature and definition of national sovereignty is being altered.

The currently accepted tenets of national sovereignty, like most man-made concepts, did not emerge full-blown upon a waiting world, but evolved over time. Those with a vested interest in any given definition want to sustain their own power, and naturally resist any change which might undermine their authority.

Perhaps one of the first organized presentations of a concept of sovereignty appeared toward the end of the sixteenth century from the French scholar, Jean Bodin. He argued for the unlimited and autocratic power of the state unrestrained by law. This idea was embraced by kings but challenged by others, including Johannes Althusius, who argued that the state's power was limited by the laws of God and nature and by the social contract between the state and the governed.

It was left to the great Dutch jurist, Hugo Grotius, to give us the definition of sovereignty that exists more or less intact to this day. Grotius defined sovereignty in broad terms as "that power whose acts are not subject to the control of another, so that they may be made void by the act of any other human will." This definition obviously covers many different facets of the exercise of power.

One of the fundamental prerogatives assumed by all sovereign governments has been to pursue their national interest by waging war. This has been true since ancient times, but today it is an aspect of sovereignty that is being severely circumscribed by the effects of information technology. No one who lived through the Vietnam War can fail to understand the enormous impact that television had in frustrating the American government's objective in Southeast Asia. A general recognition that war produces violent death is one thing, but witnessing the carnage of a battle or the body bags being unloaded at Dover Air Force Base on the television set is quite another. While debate will rage for years about whether Vietnam was lost on the battlefield or on the home front, few observers would fail to give at least some significant weight to television's impact on the citizens at home.

When the British engaged in war over the Falkland Islands, they severely limited the press and television coverage of the hostilities. Whether that military operation could have been successfully conducted under the glare of full television cov-

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erage is an open question; in any case, British rules on press coverage differ from those in America. In the United States, we have seen the names of American agents overseas published and have read accounts in national newspapers detailing American naval and troop movements at a time of national emergency.

Such episodes puzzle both domestic and foreign observers. Alexander Solzhenitsyn in his address at Harvard in 1978 put it this way: "We may see terrorists heroized, or secret matters, pertaining to one's national defense, publicly revealed, or we may witness shameless intrusion on the privacy of well-known people."

This process has repercussions on the effectiveness of leadership. We are all familiar with the old saying that no man is a hero to his valet, and it can be argued that television has become the valet of today's world leaders.

In the absence of a major threat to the integrity of one's own borders or to the independence of the nation, one can at least question whether a democratic government operating in the full glare of television cameras could, in fact, conduct any sustained military operation that produces heavy casualties. If the answer is no, one important aspect of national sovereignty has been substantially altered.

IV

If we look at national domestic politics, we observe a similar phenomenon.

The quality, speed and nature of information spread by the mass media has altered the relationship between the people and their government. Representative government in America is changing. Information technology has made it both possible and politically profitable for politicians to bypass traditional political structures that supported the orderly process of government, and instead move toward the TV cameras to push a particular issue. As more and more leaders do this, the traditional cement of party discipline and consensus government begins to crumble. Adversarial confrontations make good TV drama, but may often lead to bad policy decisions.

The national and international agendas are increasingly being set by the media in the sense that policymakers have to spend a good share of their time and energy dealing with whatever crisis or pseudo-crisis has been identified by the media that particular day. Real issues, deliberative thought and long-

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range strategic plans are often casualties of whatever damage-control actions are required at the moment. In these circumstances, the old bipartisanship in American foreign affairs has fallen prey to a new divisiveness. The so-called TV docudramas, part fact, part fiction, have even attempted to change the record of past events. The merging of media and message has created a situation wherein, according to Daniel Boorstin, a "larger and larger proportion of our experience, of what we read and see and hear, has come to consist of pseudo-events."

This kind of information is rarely a solid foundation for good policy judgments. However, it characterizes the age in which we live. We live in a world where Yasir Arafat works with a media consultant; where Mohammed Abbas, who hijacked the *Achille Lauro* and murdered an old man in cold blood, appears on American network television, even though he was a fugitive from justice at the time; where the Iranians stage marches for the cameras; and where Soviet spokesmen appear regularly on American TV. The world today is very different from that of Citizen Edmond Genet—now, instead of being asked to leave the country, he would be on Ted Koppel's "Nightline" to protest President George Washington's outrageous policies.

Without passing a value judgment, the fact is that representative government, as envisaged by the Founding Fathers, is no longer operating in the manner originally intended. We may have to think anew about old relationships, but for the moment, the use of information technology has far outstripped the political process.

This problem is not limited to Western governments. If democratic societies face the problem of adapting to what amounts to a wholly new definition of sovereignty, closed societies like the Soviet Union will have a much more difficult time. Their problem is twofold: first, communist regimes have always relied to some extent on their ability to control what their citizens see and hear. This control is now beginning to slip, and from the Soviets' point of view the situation will get much worse. In addition to borders becoming increasingly porous to TV and radio transmissions, studies at Harvard's Center for Information Policy Research reveal that citizens of the Eastern-bloc countries have little difficulty gaining access to VCRs; the number available in Moscow is growing daily. The KGB is concerned that videotapes will be used for *magnitizdat*—

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the market's judgments on the value of currencies to all parts of the planet within minutes.

Today we are witnessing a galloping new system of international finance. Our new international financial regime differs radically from its precursors in that it was not built by politicians, economists, central bankers or finance ministers, nor did high-level international conferences produce a master plan. It was built by technology. It is doubtful if the men and women who interconnected the planet with telecommunications and computers realized that they were assembling a global financial marketplace that would replace the Bretton Woods agreements and, over time, alter political structures. Although only a few politicians recognized the possibilities of instant global communications, the money traders of the world immediately drove their trades over the new global electronic infrastructure, creating a new international monetary system governed by the Information Standard.

Today, information about all countries' diplomatic, fiscal and monetary policies is instantly transmitted to more than two hundred thousand screens in hundreds of trading rooms in dozens of countries. As the screens light up with the latest statement of the president or the chairman of the Federal Reserve, traders judge the effect of the new policies on the relative values of the country's currency and buy or sell accordingly.

Although innumerable speeches are made giving lip service to the idea of a global marketplace, many people still fail to understand the reality. The entire globe is linked electronically, with no place to hide. Finance ministers who believe in sound monetary and fiscal policies are starting to perceive that the new technology is on their side. And politicians who wish to evade responsibility for the results of their imprudent actions on fiscal and monetary matters correctly perceive that the new Information Standard will punish them. The consequences are, in fact, more draconian than the gold exchange standard and a great deal faster in coming.

VI

Like all technological advances, the new Information Standard makes the world's power structures very nervous, and with good reason. The rapid dissemination of information has always changed societies and, thus, the way governments operate. In the United States, perhaps the most dramatic example of

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this dynamic was the civil rights movement. The plight of black people in many sections of the nation went almost unnoticed by many Americans for almost a hundred years. Suddenly the TV cameras brought into our living rooms the image of Bull Connor with his dogs and whips. Americans quickly decided together that this was wrong, and the civil rights movement made a quantum leap forward, drastically changing the country's political landscape.

Even though American politicians have come to accept universal suffrage and the ballot box as arbiter of who holds office and who does not, the similar new global vote on a nation's fiscal and monetary policies is profoundly disturbing to many.

The world's financial marketplace will never recede to its old national borders. Lines on the maps, traditionally the cause of wars, are now porous. Money and ideas move across borders in a manner and at a speed never before seen. Markets are no longer geographical locations, but data on a screen transmitted from anywhere in the world. It is difficult to suddenly accept the judgment of thousands of traders who translate politicians' actions into new monetary values, because this situation has arisen so quickly. Nevertheless, it is about as useful to curse the thermometer for recording a heat wave as it is to rail against the values the global market puts on a nation's currency.

This state of affairs does not sit well with many governments, because they correctly perceive that the new Information Standard is an attack on their sovereign powers. Since global financial markets are a kind of free speech, many complain about what the markets reveal about their country's policies.

In the past, if a country did not like the way a particular financial standard was working, be it the gold standard or the Bretton Woods agreements, the leader of the country could call a press conference and simply opt out of the system. This has happened many times in history. What will eventually harness politicians' attention is that there is no longer any way for a nation to resign from the Information Standard. No matter how a country attempts to escape from the system, the world's trading room screens will continue to light up and the market will continue to make judgments.

Since the underlying technology of the new financial system will not disappear, it is reasonable to assume that the Information Standard will be with us for a long time. The good news is that since it is here to stay, there will be increasing pressure on all governments to implement sound fiscal and

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a word coined for "tape publishing"—by political opposition groups.

The Soviet government's second major problem is whether the U.S.S.R. can continue to be a leader in science. Modern scientific research increasingly requires the ability to have access to huge data bases at remote locations. If access is limited to a very small number of scientists, progress will be slowed. On the other hand, opening up supercomputers and data bases to large numbers of men and women obviously loosens the state's control of data. It is a very real Hobson's choice, and the dilemma will only get worse over time.

The phenomenon of eroding government control over the management of institutions and how citizens live and work is not limited to closed societies, but is becoming increasingly evident in the West. National sovereignty and political saliency have traditionally entailed the government's power to regulate major sectors of society, ranging from health care to heavy industries. The increasing difficulty of exercising this power in the information age as opposed to the industrial age was summed up, in the March/April issue of *Chief Executive* magazine, by the economist George Gilder: "A steel mill, the exemplary industry of the material age," lends itself to control by governments. Gilder continued:

> [A steel mill's] massive output is easily measured and regulated at every point by government. By contrast, the typical means of production of the new epoch is a man at a computer workstation, with access to data bases around the world, designing microchips comparable in complexity to the entire steel facility, to be manufactured from software programs comprising a coded sequence of electronic pulses that can elude every export control and run a production line anywhere on the globe.

The advent of the silicon compiler, which is analogous to desktop publishing for chip design, opens up, in Gilder's words, "a great economic cleavage between the interests of entrepreneurs and the authority of national governments." As technology continues to progress, the cleavage will deepen.

V

The growing inability of sovereign governments to regulate their affairs in the information age will have profound foreign policy implications.

Recently a private company forced a superpower to change

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its policy. This occurred when the government's monopoly on photographs from space was broken by the launching in February 1986 of the privately owned French satellite SPOT. When the pictures of the Chernobyl nuclear disaster taken by SPOT appeared on the front pages of the world's newspapers, the Soviet Union was forced to change its story and admit that the event was much more serious than it had previously claimed. In this instance, the technology was not new, but the power to use the information shifted from the government to the private sector. However, the event posed a continuing dilemma: what SPOT revealed about Chernobyl, it can also reveal about American military sites. There is no American censorship of SPOT pictures, as there has been on a de facto basis of America's Landsat photos.

While the resolution of SPOT's picture is only ten meters, it will undoubtedly be improved. It is not beyond the realm of possibility that the next logical development might be for an international news agency to purchase its own high-resolution satellite. As a cost comparison, the purchase of a satellite would be a good deal less expensive for a television network than covering the Olympics. If this occurs, the guardians of national security will clash in space with the defenders of the First Amendment.

The policy dilemma posed by SPOT was further sharpened by the offer of the Soviet Union to sell high quality imagery, which has a five-meter resolution, to anyone beyond their borders who could meet the price. National rules, including those of the Department of Defense and President Carter's secret directive in 1978 limiting the power of civilian satellites, are eroding to the point of ineffectuality. One can wonder about the course of events if SPOT had produced a picture of Pearl Harbor on December 8, 1941, when the world was being told our fleet was intact. What is certain is that it will become progressively harder for nations to assert what is not true if the "spy in the sky" is not controlled by the government.

Another traditional aspect of sovereignty has been the ability of nation-states to issue currency and mandate its value. In the past, what kings said their currency was worth was not always congruent with the facts. In the seventeenth century the Amsterdam bankers made themselves unpopular by weighing coins and announcing their true metallic values. However, those bankers spoke to a very small audience and their voices were not heard far beyond the city limits. Technology now carries

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monetary policies, which will in turn enhance the chances of international financial cooperation. While each nation will continue to pursue what it perceives to be its national interests, there will be increasing pressure to harmonize various economic policies. Progress is already visible in these areas.

VII

In the field of foreign policy, new technology is rewriting old concepts of sovereignty and over time will also change national objectives. As early as 1945, British Foreign Secretary Anthony Eden noted that "every succeeding scientific discovery makes greater nonsense of old-time conceptions of sovereignty." Although Eden was among the first leaders to recognize the impact of science on national sovereignty, the current shift in the power structure is not unique in history. There have been many instances throughout history of technology's impact on international relations, altering the balance of power between sectors of society and between countries.

The early science of blue-water navigation is a case in point. Although mariners from many countries had for years crossed oceans and explored foreign climes, only the Europeans exploited the political potential presented by this new knowledge. The historian Fernand Braudel has pointed out that "the conquest of the high seas gave Europe a world supremacy that lasted for centuries." The historical mystery is why the technology of ocean navigation, once demonstrated, was not grasped by other maritime civilizations to expand their own political power.

In more recent times, even the most jaded diplomat might have to concede that the balance of power in the world shifted decisively on July 16, 1945, in the desert at Alamogordo, New Mexico, when the first atomic explosion took place. (For the modern Luddites who explain almost daily that the Strategic Defense Initiative will not work, it is useful to remember that almost half of the scientists at Los Alamos thought the atomic bomb would not fire.) When it did, relations between nations were instantly altered and, indeed, the very survival of our planet came into question. The process works both ways: scientists suddenly also discovered the desirability of a world framework of international law and order to protect society from their own discoveries.

Some will say that while new technologies may affect the balance of power on a temporary basis, they cannot change the

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basic geopolitical interests of a country. This argument rests, in part, on the fact that it is vital for a country to have assured access to certain critical raw materials. Countries having these desired natural resources within their borders are therefore of strategic importance to the United States. The oil-rich nations in the Middle East are the most obvious examples, but there are other countries whose soils contain important minerals ranging from copper to titanium.

Not that long ago, armies fought and men died for control of the iron and steel in the Ruhr Basin because ownership of these assets conferred economic and political power. Indeed, the idea of a nation-state was based on the concept of territoriality. Today, these once coveted assets may be a liability. To the extent that new technology replaces once essential commodities with plastics or other synthetic materials, the relative importance of these areas to the vital interest of nations is bound to change.

When World War II cut the United States off from a supply of natural rubber from the Far East, we turned to synthetic rubber, the basic research on which had been completed before World War I. The technology had not been exploited because it was too expensive. The war emergency caused us to set aside economics in order to produce tires, but as we went up the learning curve, production costs were driven down. When we reached the point where synthetic rubber became cost-effective, the significance of rubber-producing countries to our strategic interests tended to decline.

Today, as fiber-optic cable replaces the twisted copper pair, the relative strategic importance of copper-producing countries will also shift. Sand, the most common substance in the world, is the raw material for computer chips. Clay is the base for superconducting ceramics that will speed data by a factor of a hundred, generally enhance the power of magnets and thus further shift the value of traditional natural resources. Over a period of years this same pattern, in various degrees, will continue to apply to other natural resources, even oil.

As scientific advances continue to unfold, diplomatic priorities are bound to change. Even the strategic importance of critical areas of the world is altered by technology. It was not so long ago that conventional wisdom held that lights would go out all over the world if the Suez Canal were ever to be closed. However, conventional wisdom did not take into account the technology that would allow the building of huge

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supertankers able to carry oil economically around the Cape of Good Hope. This feat was achieved by relatively simple technology, but it altered the importance of the physical control of a specific territory.

Today the velocity of change is so great in all aspects of science, technology, economics and politics that the tectonic plates of national sovereignty and power have begun to shift. Political scientists and statesmen are fond of remarking that generals usually prepare to fight the previous war. Now the policymakers may be guilty of similar errors. If today's leaders in government and business fail to recognize that the world has changed because what they see, in Tuchman's words, "does not fit in with their plans or suit their prearrangements," they will follow into oblivion a long list of leaders who have made similar mistakes. Those who can understand and master change will be tomorrow's winners.

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Samuel P. Huntington

THE U.S.—DECLINE OR RENEWAL?

In 1988 the United States reached the zenith of its fifth wave of declinism since the 1950s. The roots of this phenomenon lie in the political economy literature of the early 1980s that analyzed the fading American economic hegemony and attempted to identify the consequences of its disappearance. These themes were picked up in more popular and policy-oriented writings, and the combination of the budget and trade deficits plus the October 1987 stock market crash produced the environment for the spectacular success of Paul Kennedy's scholarly historical analysis in early 1988. Decline has been on everyone's mind, and the arguments of the declinists have stimulated lively public debate.[1]

Although predominantly of a liberal-leftist hue, declinist writings reflect varying political philosophies and make many different claims. In general, however, they offer three core propositions.

First, the United States is declining economically compared to other market economy countries, most notably Japan but also Europe and the newly industrializing countries. The declinists focus on economic performance and on scientific, technological and educational factors presumably related to economic performance.

Second, economic power is the central element of a nation's strength, and hence a decline in economic power eventually affects the other dimensions of national power.

Third, the relative economic decline of the United States is caused primarily by its spending too much for military pur-

[1] Apart from the more academic international political economy literature, declinist works that have been widely discussed in policy debates and the general media include: Walter Russell Mead, *Mortal Splendor*, Boston: Houghton Mifflin, 1987; David P. Calleo, *Beyond American Hegemony*, New York: Basic Books, 1987; and, of course, Paul Kennedy, *The Rise and Fall of the Great Powers: Economic Change and Military Conflict from 1500 to 2000*, New York: Random House, 1987. In discussing declinist ideas, I will rely primarily on Kennedy's writings and statements, since they have had the greatest impact on public debate in the United States.

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poses, which in turn is the result, in Kennedy's phrase, of "imperial overstretch," of attempting to maintain commitments abroad that the country can no longer afford. In this respect, the problems the United States confronts are similar to those of previous imperial or hegemonic powers such as Britain, France and Spain.

Declinist literature sets forth images of a nation winding down economically, living beyond its means, losing its competitive edge to more dynamic peoples, sagging under the burdens of empire, and suffering from a variety of intensifying social, economic and political ills. It follows that American leadership must recognize and acquiesce in these conditions and accept the "need to 'manage' affairs so that the *relative* erosion of the United States' position takes place slowly and smoothly, and is not accelerated by policies which bring merely short-term advantage but longer-term disadvantage."[2]

Before one accepts the policy conclusions of the declinists, however, their basic propositions should be critically examined. Does their argument hold water? Is the United States fundamentally a nation in decline? Or is it a nation in the midst of renewal?

The declinists point to many urgent if transitory American problems and other serious if long-standing American weaknesses. Overall, however, their argument fails; it is seriously weak on both the extent and causes of decline. The image of renewal is far closer to the American truth than the image of decadence purveyed by the declinists.

II

With some exceptions, declinist writings do not elaborate testable propositions involving independent and dependent variables. With a rather broad brush, they tend to paint an impressionistic picture of economic decline, mixing references to economic trends and performance (economic growth, productivity), educational data (test scores, length of school year), fiscal matters (deficits), science and technology (R&D expenditures, output of engineers), international trade and capital flows, savings and investment, and other matters. In general, however, they point to three bodies of evidence to support their argument for decline:

[2] Kennedy, *op. cit.*, p. 534.

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—first, mounting U.S. trade and fiscal deficits which, to date, the U.S. political system has shown no signs of being able to correct;
—second, continuing and even accelerating declines in U.S. shares of global economic power and in U.S. rates of growth in key areas of economic performance;
—third, sustained systemic weaknesses, including research and development practices, primary and secondary education, production of scientists and engineers, and most seriously, savings and investment patterns.

Each body of evidence requires separate examination.

Deficits. Escalating current account and budgetary deficits have been the most important changes affecting the U.S. position in the world in the 1980s. They furnish dramatic immediacy to the declinist argument. In a few short years the United States was transformed from the principal creditor nation in the world to its largest debtor. The current account balance, which had a surplus of $6.9 billion in 1981 and a small deficit of $8.7 billion in 1982, plunged to deficits of almost $140 billion in 1986 and about $160 billion in 1987. In 1981 the United States had a net credit in its international investment position of $141 billion; by 1987 it was a net debtor to the tune of $400 billion. Assets in the United States owned by foreigners roughly doubled between 1982 and 1986 to $1.3 trillion.

Coincidental with this growth of U.S. international deficits and a major cause of them was the burgeoning of the U.S. budget deficit. The annual deficit had fluctuated in the vicinity of $50 billion to $75 billion in the Ford and Carter Administrations. In 1982 it began to increase rapidly, reaching a peak of $221 billion in FY 1986. It dropped back to $150 billion in FY 1987 and was modestly higher at about $155 billion in FY 1988.

Declinists see these deficits as evidence of fundamental weaknesses in the American economic position. They correctly point out that the massive influx of foreign funds has largely gone not for investment but for private consumption and governmental spending for defense. Such borrowing will not generate revenues with which it can be liquidated. The United States is living in a style it cannot afford and is imbued with an "eat, drink and be merry" psychology. Ominous precedents are called to mind. Peter G. Peterson argues:

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> To find the proper historical parallel for the United States in the 1980s . . . we must look to those rare historical occasions when an economy's large size, its world-class currency, and its open capital markets have allowed it to borrow immense sums primarily for the purpose of consumption and without regard to productive return. The illustrations of lumbering, deficit-hobbled, low-growth economies that come most easily to mind are Spain's in the late sixteenth century, France's in the 1780s, and Britain's in the 1920s.[3]

In similar fashion, Paul Kennedy warns that "the only other example which comes to mind of a Great Power so increasing its indebtedness in *peacetime* is France in the 1780s, where the fiscal crisis contributed to the domestic political crisis."[4]

Several points must be made to disentangle the valid from the invalid elements of these declinist arguments.

First, trade and budget deficits were not a major problem before 1982. They then mushroomed. This development may in some small measure flow from underlying weaknesses in productivity, savings and investment, but it cannot primarily result from such causes. If the deficits did come from these causes, they would have developed slowly rather than rapidly and very probably would have manifested themselves before the advent of the Reagan Administration. Instead, the deficits are overwhelmingly the result of the economic policies of the Reagan Administration: reduction in tax rates, expansion of defense spending, a strong dollar. These policies were premised on the assumption that domestic governmental spending could be curtailed and that lower tax rates would stimulate investment, growth and revenues. These assumptions did not prove to be valid, and the policies that were based on them produced the surging deficits. A different administration with different fiscal and economic policies would have produced different results. The deficits stem from the weaknesses, not of the American economy, but of Reagan economics. Produced quickly by one set of policies, they can be reversed almost as quickly by another set of policies.

Second, that reversal has begun and is likely to intensify. The reversal results partly from changes in policy by the Reagan Administration, partly from policies adopted by other governments and partly from the workings of the international economy, which naturally generates equilibrating tendencies.

[3] Peter G. Peterson, "The Morning After," *The Atlantic*, October 1987, p. 49.
[4] Kennedy, *op. cit.*, p. 527.

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President Bush will probably move to reinforce U.S. policies designed to reduce the deficits. Through tight controls on spending, promotion of economic growth, "revenue enhancements" and, at some point, new taxes (luxury taxes, gasoline taxes and a general value-added tax are most frequently mentioned), the budget deficit is likely to be brought down to a sustainable level at which it does not pose a threat to long-term economic growth. As it is, the deficit in 1988 is only about half of what it was in 1983 as a percent of gross national product (3.1 percent versus 6.3 percent).

The trade deficit began to decrease with the rapid expansion of American exports in 1988. Its further reduction will be facilitated by budget deficit reduction, increases in manufacturing productivity (which rose significantly in the 1980s), ceilings on the exchange rate of the dollar and pressure which the U.S. government will—and must—apply under the new trade law to open up foreign markets. Cutting the trade deficit will be further enhanced, of course, to the extent that oil prices do not increase, American wage levels remain below those of the principal U.S. competitors, the developing countries' debt problem is contained and foreign economies grow at healthy rates. The trade deficit, some analysts predict, will become a trade surplus in the coming decade.[5]

Third, both the deficits and the processes of curing them impose significant costs on the American economy. The substantial increase—absolute and net—in American foreign indebtedness means that a larger portion of U.S. GNP will be paid to foreigners in debt service. These funds will not be available for either personal consumption or savings and domestic investment. The future American standard of living will be less than it would have been otherwise.

The declinists are absolutely right to highlight this development as the principal long-term effect of the Reagan spending spree. Correction of the trade balance will impose costs not only on the United States but also on those other countries that have become "addicted" to the U.S. market. Some of these costs are already visible in Japan, which is struggling to de-emphasize exports (39 percent of which went to the United

[5] Martin Feldstein, "Correcting the Trade Deficit," *Foreign Affairs*, Spring 1987, pp. 795ff.; James R. Schlesinger, "Domestic Policies and International Capital Flows," in Martin Feldstein, ed., *The United States in the World Economy*, Chicago: University of Chicago Press, 1988, pp. 652–53.

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States in 1987) and stimulate internal demand. In addition, reduction of the trade deficit might conceivably require a recession in the United States, which in turn would at least temporarily exacerbate the budget deficit.

In the coming years both deficits will probably be reduced to sustainable and nonmalign proportions. Their effects, however, will be around for some while to come. But it is a mistake to view them as open sores that will continue to bleed away American strength. They are wounds that will heal, although their scars will remain.

Declining Shares. This argument has been put most explicitly by Paul Kennedy. "The U.S.A.'s share of total GNP," he says, "of world manufacturing output, and of many other indices of national efficiency has steadily declined." The United States has suffered "relative industrial decline, as measured against world production, not only in older manufactures such as textiles, iron and steel, shipbuilding, and basic chemicals, but also—although it is far less easy to judge the final outcome of this level of industrial-technological combat—in global shares of robotics, aerospace, automobiles, machine tools, and computers." American agriculture has also declined. The decline in the U.S. share of world GNP was "natural" after 1945, but it "has declined much more quickly than it should have over the last few years" and the decline has become "precipitous."[6]

These propositions need serious qualification. Various estimates exist of global and national gross products for various times. All have to be used with caution. Virtually all, however, show a common pattern.

The United States produced 40 to 45 percent of the gross world product in the late 1940s and early 1950s. That share declined rapidly, reaching the vicinity of 20 to 25 percent of gross world product by the late 1960s. That is roughly where it has remained.

It certainly has not declined more rapidly in the past two decades than it did during the previous two decades. Figures of the U.S. Council on Competitiveness (whose mission is to voice alarm about declining U.S. competitiveness) and from other sources show, for instance, that:

[6] Kennedy, *op. cit.*, p. 525; Kennedy, "Does America Need Perestroika?" *New Perspectives Quarterly*, Spring 1988, p. 6; and his written submission to the House of Representatives, Committee on Foreign Affairs, Defense and International Affairs Task Force, June 21, 1988, p. 2.

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—between 1970 and 1987 the U.S. share of the gross world product varied between 22 and 25 percent and most recently was 23 percent;
—the U.S. share of world exports was 12 percent in 1970 and ten percent in 1987, and varied between nine and 14 percent in the years between;
—the U.S. share of the exports of the seven economic summit countries was 24 percent in 1970 and 23 percent in 1987, varying between 20 and 25 percent in the intervening years;
—in 1965 the United States accounted for 27.5 percent of world exports of technology-intensive products; this dropped to a low of 22.9 percent in 1980 and was back at 25.2 percent in 1984.[7]

Overall, the United States accounts for 22 to 25 percent of the major forms of global economic activity and has done so fairly consistently for twenty years or more. The declinists are clearly right in saying that this is much less than the U.S. shares according to the same indices during the decade after World War II. A situation in which one country accounted for up to 50 percent of the global economic action was clearly a temporary product of the war. The ending of that imbalance was a major and successful goal of U.S. policy. The shift from 40–45 percent of global economic activity to 20–25 percent had generally occurred by the late 1960s. It is an increasingly remote historical event. For about a quarter-century U.S. shares in global economic activity have fluctuated within a relatively narrow range.

During the 1980s U.S. economic performance improved markedly compared to that of other leading countries. Between 1965 and 1980 the United States ranked 15th out of 19 industrialized market economies in terms of economic growth; between 1980 and 1986 the United States ranked third out of 19. The most notable decline in gross domestic product growth rate was that of Japan: its average annual growth rate between 1980 and 1986 was 58.7 percent of what it had been between 1965 and 1980. In contrast, the U.S. average annual growth rate in 1980–86 was 110.7 percent of what it had been in

[7] Council on Competitiveness, *Competitiveness Index: Trends, Background Data, and Methodology*, Washington, D.C., 1988; Rachel McCulloch, *The Challenge to U.S. Leadership in High Technology Industries (Can the United States Maintain Its Lead? Should It Try?)*, Cambridge, Mass.: National Bureau of Economic Research, Working Paper No. 2513, February 1988, Table 2.

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1965–80.[8] During the past five years (1983–87) the U.S. and Japanese economies grew at almost the same rate, with the United States leading in three of these years. In all five years U.S. growth exceeded that of the European Community. The biggest economy has been getting bigger, absolutely and relatively. Declinist arguments that the United States has suffered precipitous decline in recent years and that the locus of economic production is shifting dramatically to Japan are simply not supported by the facts.

TABLE 1

AVERAGE ANNUAL GROWTH RATES OF REAL GNP

	United States	*Japan*	*European Community*
1961–1965	4.6	12.4	4.9
1966–1970	3.0	11.0	4.6
1971–1975	2.2	4.3	2.9
1976–1980	3.4	5.0	3.0
1981–1985	2.6	4.0	1.5
1986–1987	2.9	3.1	2.5
1983–1987	3.8	3.8	2.3

SOURCE: Annual Report of the Council of Economic Advisers, in *Economic Report of the President*, Washington: U.S. Government Printing Office, 1988. Based on Table B-111, p. 374.

The decline in Japanese economic growth manifest in Table 1 was to be expected: no country will grow indefinitely at ten percent or more per year. As the Japanese economy has matured its growth rate has approximated that which may currently be considered normal for complex modern economies. In similar fashion, just as Japan has lost its edge in growth, so also has the United States lost its lead in productivity. In 1970 productivity in U.S. manufacturing was more than twice that of Japan. By 1986 the gap between the two had almost disappeared. There is little reason why the Japanese economy as a whole should grow much faster than the U.S. economy and there is little reason why an individual U.S. worker should be significantly more productive than a Japanese worker. On such indices of economic performance, one should expect long-term

[8] The World Bank, *World Development Report 1988*, New York: Oxford University Press, 1988, Table 2, pp. 224–225.

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convergence among countries at similar levels of economic development and with economies of comparable complexity.

Convergence in economic performance reinforces stability in the distribution of economic activity. The argument can be made that the GNP pattern that has emerged in the past two decades is, in some sense, the historically "normal" pattern, roughly approximating the distribution that existed before World War II. The world of the 1970s was, as Thorold Masefield put it, "a world restored—with the U.S. still preeminent if not pre-dominant."[9]

Apart from the rapid growth of some developing countries, this pattern is unlikely to change drastically in the future. According to one estimate, for instance, the United States had 44.1 percent of the gross product of a total of 15 major countries in 1950, 31.6 percent of this total in 1980, and will have a projected 29.2 percent of the total in 2010. In that year, according to this estimate, the U.S. GNP of $7,859 billion (in 1986 dollars) will still be twice that of China ($3,791 billion), Japan ($3,714 billion) and the Soviet Union ($2,873 billion).[10]

In short, if "hegemony" means having 40 percent or more of world economic activity (a percentage Britain never remotely approximated during its hegemonic years), American hegemony disappeared long ago. If hegemony means producing 20 to 25 percent of the world product and twice as much as any other individual country, American hegemony looks quite secure.

Systemic Failures. A third set of phenomena cited by declinists consists of what might be termed systemic failures. These involve the sustained inability of America's society and its economy to function either at the levels of comparable societies or at levels presumed necessary to sustain the American role in the world. Since systemic characteristics have, by definition, been present for a long period of time, their contributions to American decline presumably stem from their cumulative impact. Among other deficiencies, declinists point to the poor quality of American primary and secondary education (manifested, for instance, in the low scores of American students in

[9] Thorold Masefield, "Co-prosperity and Co-security—Managing the Developed World," *International Affairs*, Winter 1989; Charles Wolf, "America's 'Decline': Illusion and Reality," *The Wall Street Journal*, May 12, 1988, p. 22.

[10] Future Security Environment Working Group, *The Future Security Environment: Report to the Commission on Integrated Long-Term Strategy*, Washington, Department of Defense, August 1988, Chapter 1.

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comparative tests of mathematics and reading skills), the small numbers of scientists and engineers produced in the United States (particularly compared to the high production of lawyers), and the complexity and inefficiency of American governmental policymaking processes. The most heavily emphasized systemic weakness, however, concerns low savings and investment rates.

Americans clearly save less than most other people. During the 1970s and 1980s U.S. gross savings as a proportion of GDP varied between 14.8 and 19.1 percent. During this period Japanese savings varied between 27.1 percent and 32.9 percent of GDP. In 1970 the Japanese savings rate was more than twice that of the United States (32.9 versus 16.1 percent); in 1987 it was almost twice the U.S. rate (28.2 versus 14.8 percent). Throughout these years U.S. savings lagged behind those of the other major industrialized democracies.

Similar differences existed in the relation of personal savings to disposable personal income. During the 1960s and 1970s the U.S. rate averaged about six percent; those of Germany and Japan averaged 14 percent and 20 percent respectively. In the 1980s the already low U.S. savings rate dropped even further, reaching 3.7 percent of disposable income in 1987. In 1987 net national savings were only 2.2 percent of GNP, compared to an average of eight percent between 1949 and 1981.

As one might expect, similar patterns across countries exist with respect to investment. Between 1965 and 1984 U.S. gross fixed capital formation varied between 17 percent and 19.8 percent of GNP. That for Japan varied between 27.8 percent and 35.5 percent of GNP. The OECD average, less the United States, varied between 21.6 and 26 percent.[11] Other measures of investment yield comparable results: the U.S. rates tend to be slightly more than half those of Japan and perhaps 75 percent of those of the other major industrialized democracies.

The significance of these differences in savings and investment can be debated, and mitigating factors may explain and compensate for some low U.S. rates. In addition, the poor U.S. performance seems not to have noticeably affected U.S. economic growth as yet. Nonetheless, clearly the declinists are

[11] See Annual Report of the Council of Economic Advisers, in *Economic Report of the President*, Washington: U.S. Government Printing Office, 1988, p. 100; Jeffrey A. Frankel, "International Capital Flows and Domestic Economic Policies," in Feldstein, ed., *United States in the World Economy, op. cit.*, pp. 606–614.

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right in highlighting savings and investment as long-term systemic weaknesses that require correction if economic growth is to be maintained.

Many, although not all, declinists go wrong, however, when they identify the reasons for poor U.S. performance. They argue that overexpenditure for military purposes crowds out investment for economic growth and hence leads to economic decline. Decline flows from imperialism and militarism.

This argument has little to support it, especially as applied to the United States. Kennedy's historical examples themselves suggest that the burden of empire usually becomes onerous when it amounts to ten percent or more of the society's product. Defense, however, takes only six to seven percent of American GNP. The declinists' thesis is clearly more relevant to the Soviet Union, which apparently (Soviet officials themselves claim they do not know for sure) spends 17 to 18 percent or more of its GNP for military purposes. Is this, however, a cause of Soviet decline? Its military sector is widely held to be the most technically efficient sector of the Soviet economy, and it is the only sector that is able to compete internationally. More generally, there is little comparative evidence to suggest that military expenditures are necessarily a drag on economic development. Some analysts, indeed, have argued that defense spending stimulates economic growth. One does not necessarily have to buy that argument in order to reject its opposite.

In fact, of course, how much a country invests is influenced by, but not determined by, how much it spends on defense. The Soviet Union spends close to three times as much of its GNP on defense as does the United States. It also invests more of its GNP than does the United States. This occurs at the expense of Soviet consumption. In theory, a country can allocate its resources as it wishes among consumption, defense and investment. In fact, countries make different choices, and the countries with the three largest economies in the world do exactly that. It is difficult to get comparable figures for the Soviet Union and market economy countries, and the portions of government spending which are in fact investment do not always show up in national accounts. Nonetheless, a rough prototypical allocation of GNP for the three largest economies might be as follows:

—U.S. consumption (private and public) at about 78 percent of its GNP, Japan's at 67 percent, and the Soviet Union's 56 percent;

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—U.S. defense spending at about seven percent of its GNP, Japan's about one percent, and the Soviet Union's 18 percent;
—U.S. investment at roughly 17 percent of GNP, Japan's at about 30 percent of its GNP, and the Soviets' about 26 percent.

In short, the Soviets arm, the United States consumes, Japan invests.

At present, efforts are being made in each of these countries to alter these patterns. General Secretary Mikhail Gorbachev apparently is attempting to limit Soviet military spending in order to increase consumption and investment. Japan is expanding its defense effort and is beginning to attempt to increase consumption. In the United States it is widely recognized that defense cannot be allowed to rise and investment should be expanded at the expense of consumption. How successful any of these efforts will be remains open to question.

In some measure, allocations to investment, defense and consumption are a product of government policies and can be changed by changing those policies. Almost 75 percent of the U.S. federal government's revenues come from taxes on income, including interest on savings. By contrast, the Japanese government gets only 40 percent of its revenues from income taxes and until recently did not tax interest on 70 percent of Japanese personal savings. Changes in tax codes can affect the investment/consumption balance in both countries. Yet tax codes also reflect national values and culture. Much evidence exists that levels of arms expenditures have deep roots in national cultures, religion and history and do not necessarily reflect only external threats.[12] Investment and consumption patterns are undoubtedly shaped by similar causes.

In any event, even if half the resources the United States uses for defense were shifted to investment, the American investment ratio would still lag behind the ratios of Japan and the Soviet Union. If the United States is to increase its investment ratio significantly, that increase will have to come primarily from the 75 percent or more of the GNP devoted to consumption, not from the less than seven percent committed to defense. If the United States falters economically, it will not be because U.S. soldiers, sailors and airmen stand guard on the Elbe, the Strait of Hormuz and the 38th parallel; it will be

[12] See James L. Payne, *Why Nations Arm*, to be published in 1989 by Basil Blackwell.

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because U.S. men, women and children overindulge themselves in the comforts of the good life. Consumerism, not militarism, is the threat to American strength. The declinists have it wrong; Montesquieu got it right: "Republics end with luxury; monarchies with poverty."[13]

III

The predominant view among declinists points to external expansion rather than internal stagnation as the principal cause of the decline of nations. This argument runs counter to a tradition of political thought going back to Plato and Aristotle which focuses on the internal ability of a society to renew itself. According to modern formulations of this view, a society declines when bureaucratic stagnation, monopoly, caste, hierarchy, social rigidity, organizational obesity and arteriosclerosis make innovation and adaptation difficult or impossible. As societies age, these characteristics tend to become more predominant.

In his sophisticated theoretical analysis which departs from the declinist mainstream, Mancur Olson argues this point persuasively, explaining the decline of nations by the development of vested interests or "distributional coalitions" that reduce economic efficiency and constrain economic growth.[14] Societies whose social, economic and political structures are substantially destroyed through war, revolution or other upheaval grow rapidly. Over time, however, distributional coalitions develop and economic dynamism wanes. Although Olson does not discuss it in his book, the prototypical contemporary case of an economy grinding to a halt because of the constrictions imposed by distributional coalitions, is, of course, the Soviet Union under Brezhnev.

Successful societies, in contrast, are those that find ways short of their own destruction to sustain the dynamism of their youth. The structure of such societies will presumably encourage competition, mobility, fluidity, pluralism and openness—all qualities that prevent a society from becoming mired in a network of collusive deals in which everyone benefits to everyone's disadvantage.

[13] Baron de Montesquieu, *The Spirit of the Laws*, New York: Hafner, 1949, Vol. I, Book VII, p. 98.

[14] Mancur Olson, *The Rise and Decline of Nations*, New Haven: Yale University Press, 1982, especially Chapters 3 and 4.

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Viewed from this perspective, the United States is less likely to decline than any other major country. It is distinguished by the openness of its economy, society and politics. Its engines of renewal are competition, mobility and immigration.

Competition and opposition to monopoly, both public and private, are hallmarks of American society. The United States led the way in the modern world in attempting to institutionalize antitrust and antimonopoly practices in business. Government bureaucracy in the United States is weaker and more divided against itself than bureaucracies in most other countries. State-owned enterprises are rare. New companies are created—and go bankrupt—on a scale unknown in European societies. Small, new companies have been responsible for the bulk of the twenty million new jobs created in the past decade.

Labor unions have never been strong and are declining. American universities, it has been argued, are the best in the world because of the intense competition among them for faculty, students and money.[15] Secondary education, it might be noted, is, in contrast, overwhelmingly a public monopoly and is inferior as a result; widely considered proposals for improving it are to introduce competition among schools for students and state support.

In comparison to other societies, individual mobility, both horizontal and vertical, is extremely high. Far more rapidly than elsewhere, American workers shift from job to job, up and down the income scale, in and out of the poverty brackets. People move from region to region at about three times the rate they do in European countries. With the notable exception of race, ascriptive obstacles to upward mobility have been relatively minimal compared to other societies.

The continuing flow of immigrants into American society reflects the opportunities it offers and contributes to its renewal. Historically, first- and second-generation immigrants have been a dynamic force in American society. Under the Immigration Act of 1965, about 600,000 legal immigrants enter the United States each year. Thousands more enter illegally. These newcomers renew the pools of cheap labor, entrepreneurial skill, intellectual talent and driving ambition to succeed. Thirty-six of the 114 American citizens who won Nobel prizes in science and medicine between 1945 and 1984

[15] See Henry Rosovsky, "Highest Education," *The New Republic*, July 13 and 20, 1987, pp. 13–14.

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were born elsewhere. In the 1940s and 1950s American scientific and intellectual life was tremendously enriched by Jewish refugees from Hitler and the children of East European Jewish immigrants before World War II. Today Asian-Americans sweep the intellectual honors. (About two percent of the total population, they make up 14 percent of the 1988 freshman class at Harvard.) In the coming decades, immigration also means that the American population will continue to grow, unlike those of many European countries and will remain relatively young, unlike that of Japan.

IV

The ultimate test of a great power is its ability to renew its power. The competition, mobility and immigration characteristic of American society enable the United States to meet this test to a far greater extent than any other great power, past or present. They are the central sources of American strength. They are supplemented by three aspects of the American position in international affairs.

First, in comparison to other major countries, American strength is peculiarly multidimensional. Mao Zedong reportedly said that power grows out of the barrel of a gun; the declinists see power coming out of a belching smokestack. In fact, power comes in various forms and international influence can stem from very different sources. The Soviet Union, it has often been said, is a one-dimensional superpower, its international position resting almost exclusively on its military might. Whatever influence Saudi Arabia has in international affairs flows from its oil reserves. Japan's influence has come first from its manufacturing performance and then from its control of financial resources.

Countries dependent upon a single source of power, however, are highly vulnerable to degradation of the particular type of power in which they specialize. OPEC's power drops with falling oil prices; Japanese power is challenged by the rise of Taiwan, Korea, Singapore and Thailand; Soviet power is reduced by the Reagan defense buildup. In addition, countries dependent on a single source can exercise influence only in arenas where that type of power is relevant. The Soviet Union does not cut much of a figure in international finance and Japan does not sway the military balance in the Middle East. Countries can, of course, attempt to transform one type of power into another, and economic power is more fungible than

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others. There are, however, very real limits to the extent to which conversion is possible, and it can be a very costly process.

In contrast to other countries, the United States ranks extraordinarily high in almost all the major sources of national power: population size and education, natural resources, economic development, social cohesion, political stability, military strength, ideological appeal, diplomatic alliances, technological achievement. It is, consequently, able to sustain reverses in any one arena while maintaining its overall influence stemming from other sources. At present, no country can mount a multidimensional challenge to the United States, and with one conceivable exception no country seems likely to be able to do so in the relevant future.

Second, U.S. influence also flows from its structural position in world politics. The United States benefits from being geographically distant from most major areas of world conflict, from having a past relatively free of overseas imperialism, from espousing an economic and political philosophy that is antistatist and, hence, less likely to be threatening to other peoples, from being involved in a historically uniquely diversified network of alliances and from having a sense, stronger in the past than more recently, of identification with universal international institutions.

These factors pull the United States into a leadership role in dealing with international problems and disputes. They help create a demand for the American presence overseas. Slogans of "U.S. go home!" may command headlines, but in many regions the underlying fear is that the United States might just do that. Neither Germans, French, Dutch nor (some say) the Soviets are eager for the United States to pull out of Europe. Many Filipinos act as if they wished the bases removed from their country, and some may actually want that to happen, but many others worry deeply that an American withdrawal from Southeast Asia would leave them to the tender mercies of the Soviets and the Japanese. Long before diplomatic relations existed between Washington and Beijing, China supported the American presence in Japan and Korea.

In similar fashion, the United States is called upon to play a leading role in the resolution of regional conflicts (Middle East, southern Africa), to balance and mediate between regional rivals (Greece, Turkey) and to assist other powers (Britain) or international institutions (the United Nations) in resolving other conflicts (Zimbabwe, Iran-Iraq). American involvement

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in a region generally tends to stabilize the status quo and to protect weaker powers from the regional leviathans. The exception to this pattern is the one region—Central America and the Caribbean—where the United States itself is the preponderant local power.

Finally, no alternative hegemonic power, with one possible exception, seems likely to emerge in the coming century. A short while ago, of course, it was widely thought that the Soviet Union would perform that role. Mr. Khrushchev talked confidently about the U.S.S.R. overtaking the United States economically and the grandchildren of Western capitalists playing under red flags.

These seem not just forlorn but bizarre hopes. The Soviet Union still has the resources, size and military strength of a superpower, but it has lost out economically, ideologically and diplomatically. Conceivably, the Gorbachev reforms could start a process that would put the Soviet Union back into competition to become the number-one actor on the world stage, but at the moment the success of his efforts is in doubt and the impact of the reforms, if they are successful, will not necessarily enhance Soviet power.

Currently, the popular choice—and the choice of the declinists—for the country that will supersede the United States is, of course, Japan. "The American Century is over," a former U.S. official has said. "The big development in the latter part of the century is the emergence of Japan as a major superpower."[16] With all due respect to Clyde Prestowitz, this proposition will not hold up. Japan has neither the size, natural resources, military strength, diplomatic affiliates nor, most important, the ideological appeal to be a twentieth-century superpower.

In a world of instant communication, widespread literacy and social mobilization, a superpower has to stand for an idea with appeal beyond its borders. In recent history the United States and the Soviet Union have done this. Today the message of the Soviet Union is tattered and apparently rejected, in part by its own leadership. The appeal of the American message of political democracy and economic liberalism has never been stronger. Conceivably, Japan could also develop a message to the world, but that would require fundamental changes in Japanese culture and society.

[16] Clyde Prestowitz, *Time*, July 4, 1988, p. 28.

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In addition, most characteristics of a society impart both strength and weakness. American individualism, mobility and competition encourage innovation but weaken cooperation, institutional loyalty and commitment to broader community goals. The American constitutional system, well designed to minimize government and maximize liberty, is ill designed to produce sustained and coordinated action to deal with serious long-term problems. In Japan corporatism, hierarchy, consensus and the close business-government relation spur its export drive. At the same time, however, such a social structure combined with a mature economy could be peculiarly prone to collusion, corruption and stagnation. In a worst-case scenario—improbable but not inconceivable—Japan could face a Brezhnevian era in its future. Even without that development, Mr. Prestowitz's prediction as to which century belongs to which country is likely to be less accurate than that of Seizaburo Sato: "The twentieth century was the American century. The twenty-first century will be the American century."[17]

The most probable challenge to this prediction could come from a united European Community. The European Community, if it were to become politically cohesive, would have the population, resources, economic wealth, technology and actual and potential military strength to be the preeminent power of the 21st century. Japan, the United States and the Soviet Union have specialized respectively in investment, consumption and arms. Europe balances all three. It invests less of its GNP than Japan but more than the United States and possibly more than the Soviet Union. It consumes less of its GNP than the United States but more than Japan and the Soviet Union. It arms less than the United States and the Soviet Union but more than Japan.

It is also quite possible to conceive of a European ideological appeal comparable to the American one. Throughout the world, people line up at the doors of American consulates seeking immigration visas. In Brussels, countries line up at the door of the Community seeking admission. A federation of democratic, wealthy, socially diverse, mixed-economy societies would be a powerful force on the world scene. If the next century is not the American century it is most likely to be the European century. The baton of world leadership that passed

[17] Seizaburo Sato, *The Economist*, Aug. 13–19, 1988, p. 30.

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westward across the Atlantic in the early twentieth century could move back eastward a hundred years later.

V

Current declinism is, as noted, the fifth such wave since the 1950s. The first occurred in 1957 and 1958 as a result of Soviet missile launches and the Sputnik. The Gaither Commission, advising the president, and other groups warned that the United States was falling seriously behind the Soviet Union in science, technology and future military capability. The Soviet Union was said to have a growth rate 50 percent higher than that of the United States, to be spending probably twice as much as the United States on armaments and to be well on its way to establishing an unchallengeable lead in missiles while U.S. strategic forces were increasingly vulnerable. The Soviets were producing many thousands of scientists and engineers while American education was lagging.

A second declinist surge came at the end of the 1960s. President Nixon and his national security adviser took the lead in announcing the end of the bipolar world. The United States and the Soviet Union were losing their primacy and a "pentagon of power" was coming into existence. These predictions were quickly supplemented by academic warnings that the military power in which the United States and the Soviet Union excelled was rapidly losing its usefulness and that economic power, the hallmark of Europe and Japan, would ensure the emergence of the latter as at least the equals of the two previous superpowers.

A third declinist scare followed immediately thereafter, triggered, of course, by the OPEC oil embargo of 1973 and the dramatic increase in oil prices. The West and increasingly the United States were highly dependent on Persian Gulf oil; whoever controlled oil controlled the economic life of the West and hence had the means to be the dominant influence, economically and politically, throughout the world. Saudi Arabia was seen as the new superpower as the huge flow of funds into Arab hands was recycled in U.S. bonds, factories and real estate.

In the latter 1970s the Soviet Union again became the focus of fear in a fourth declinist surge. The U.S. defeat in Vietnam, Watergate, the expansion of Soviet power in Angola, Mozambique, Yemen, Ethiopia, Nicaragua and eventually Afghanistan, and the continued development of Soviet nuclear forces

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that rendered U.S. strategic forces increasingly vulnerable, all generated the feeling that the Soviet Union was supplanting the United States as the world's number-one power. Feelings of decline and malaise, reinforced by another oil price hike and inflation, generated the political currents that brought Ronald Reagan to power in 1981.

These earlier decline scares were triggered by Sputniks and missiles, pressure on the dollar, oil embargoes and price hikes, SS-18s and Angola. The fifth wave has been largely triggered by budget and trade deficits and the seeming competitive and financial threat from Japan. It thus bears certain resemblances to the second wave of the late 1960s and early 1970s, and familiar themes are repeated. In 1972 President Nixon predicted the emergence of "an even balance" among "a strong, healthy United States, Europe, Soviet Union, China, Japan." In 1988 Professor Kennedy argues that we are "moving very swiftly" into a "multipolar world" with five centers of economic and military power: "the U.S., the Soviet Union, China, Japan and the EEC."[18] It remains to be seen whether his prediction will be realized any more rapidly than President Nixon's.

The declinist waves often, not always, come at the end of American administrations. There is a certain *fin d'administration* air to them which leads one to suspect that people want to believe in decline at that moment. In this respect, they may be better indications of American psychology than of American power. Indeed, many developments that might otherwise be interpreted as evidence of strength or progress are pointed to by declinists as symptoms of decline. Current declinists, for instance, make much of the disappearance of American manufacturing industry. Fifteen years earlier, however, a substantial group of social theorists, including Daniel Bell and Zbigniew Brzezinski, articulated a widely accepted thesis that the relative decline of manufacturing industry was a sign of progress from industrial to post-industrial or technetronic society, and the United States was leading the world in that direction.[19] Decline, in short, may be in the eye of the beholder.

The prevention of decline, however, requires that it be there. In all its phases declinism has predicted the imminent shrinkage

[18] Richard Nixon, *Time*, Jan. 3, 1972; Kennedy, *New Perspectives Quarterly, op. cit.*

[19] See Daniel Bell, *The Coming of Post-Industrial Society*, New York: Basic Books, 1973; and Zbigniew Brzezinski, *Between Two Ages: America's Role in the Technetronic Era*, New York: Viking Press, 1970.

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of American power. In all its phases that prediction has become central to preventing that shrinkage. Declinism is a theory that has to be believed to be invalidated. Given the openness of its politics and the competitiveness of its economy, the United States is unlikely to decline so long as its public is periodically convinced that it is about to decline.

The declinists play an indispensable role in preventing what they are predicting. Contrary to Professor Kennedy, the more Americans worry about the health of their society, the healthier they are.[20] The current wave will serve a useful historical function if it encourages the new president and Congress to take prompt and effective actions on the deficits and to inaugurate longer-term policies designed to promote saving and investment.

"If Sparta and Rome perished," asked Rousseau, "what State can hope to endure forever?"[21] The obvious answer is "no state" and that may be the right answer. The United States is not immortal and American preeminence is not inevitable. Yet, some states endure for extraordinary lengths of time, and little reason exists to assume that recent prophecies of American decline are more accurate than earlier ones. Every reason exists, however, to encourage belief in such prophecies in order to disprove them. Happily, the self-renewing genius of American politics does exactly that.

[20] Kennedy, *Rise and Fall, op. cit.*, pp. 529–30. One of Kennedy's most perceptive critics, Richard N. Haass, makes a similar argument, "The Use (and Mainly Misuse) of History," *Orbis*, Summer 1988, p. 419: "There is a real risk that predictions of decline could become self-fulfilling."

[21] Jean-Jacques Rousseau, *The Social Contract*, London: J. M. Dent, 1947, Book III, Chap. XI, p. 73.

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Robert G. Kaiser

THE U.S.S.R. IN DECLINE

The news from the Soviet Union is enthralling—nothing so interesting or exciting as Mikhail Gorbachev's reforms has happened in Russia in modern times. The world is rightly transfixed by the spectacle of Russians telling the truth about their past and their present, encouraging private enterprise, urging a diminished role for the Communist Party and generally committing mayhem against Marxism-Leninism.

But there is a paradoxical aspect to perestroika that deserves more attention. The rhetoric of Soviet reform emphasizes renewal and progress, but the facts that made reform necessary describe failure—the failure of the Soviet system. For the foreseeable future, the fact of that failure is likely to be more important for the world than Gorbachev's efforts to overcome it.

That is because the failure is a fact, while the reforms—at least the practical ones affecting the economic life of the country—remain just a hope. It is likely to remain a forlorn hope for years to come.

The failure of the Soviet system—Joseph Stalin's system, which organized Soviet life for more than half a century—is a larger event than many have yet acknowledged. It signals more than the collapse of Stalin's dream of a centrally planned economic powerhouse that might someday dominate the world. We are also witnessing the beginning of the end of the Soviet empire. The fear of Soviet conquest and hegemony that dominated world politics for more than a generation should now dissipate. We have passed the high-water mark of Soviet power and influence in the world.

II

The crisis in the communist world has provoked radical changes from Beijing to Warsaw, and all of them contain a

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common ingredient: liberalization. Milovan Djilas describes what is going on as the inevitable consequence of the realization that the Stalinist model does not work in the present age. Its rigid, centralized institutions have proven incapable of producing modern, efficient economies; to fight their rigidity, communist regimes must turn to decentralization and liberalization.[1]

Djilas is convinced that liberalization in the communist world will continue—probably in fits and starts—because the crisis of the old order will continue. "Liberalization, crisis, they are the same thing," Djilas has said. In other words, the only available antidote to the backwardness and stagnation that afflict communist countries is decentralization, loosening of controls—liberalization. It is a shrewd argument, not easy to dispute in light of the evidence from so many different communist countries.

Gorbachev clearly sees the world in similar terms. He speaks repeatedly of the need to democratize his country to make it work better. Economic reform, he has concluded, is impossible without political reform, so he has proposed astounding changes to remove the Communist Party apparat from day-to-day administration of the economy and society, to replace it with new, elected bodies. He proposes to make the Soviet Union into a society ruled by law, not party, and to assure personal freedoms and the right to privacy. All of this is deliberate—to improve the economy, raise the standard of living and restore the Soviet Union to the front rank of nations.

Similar tactics to achieve similar objectives have been adopted in China, Poland, Yugoslavia and Hungary, and they are surely to come throughout the communist world. Even Vietnam is toying with such changes to modernize its failing economy.

Declaring or even initiating a plan to reform is a far cry from achieving its objectives, however. The Chinese have made great but uneven progress; the Poles have made negative progress; the Soviets have made none. In the years ahead, Gorbachev and his allies—or their successors—will discover just how difficult a task they have undertaken.

[1] Djilas expressed this opinion in a seminar conducted at the School of Advanced International Studies in Washington on March 4, 1988. For more of his views, see "Djilas on Gorbachev," an interview with George Urban, *Encounter*, September/October, 1988, pp. 3–19.

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The Stalinist system has done profound damage to Russia—so much damage that a decade or two of reform is most unlikely to put things right. Of all the communist countries, Russia will have the most difficulty finding a new path to real progress, because the foundation on which the Soviet leaders must build is so rotten. No other communist system is even half a century old; the Soviet model has had three or four generations to reach its present, dismal condition. The new openness of the Gorbachev era has illuminated that condition—made it painfully vivid and undeniable.

That is the most significant contribution of glasnost. In the West we are fascinated by Soviet truth-telling about historical figures like Bukharin and Trotsky, or revelations about Stalin's crimes in the 1930s and 1940s, but the truly devastating revelations are about contemporary reality. If Gorbachev were ousted by more conservative comrades tomorrow, and they moved at once to shut off glasnost and restore Brezhnevite orthodoxy (something like that could happen—the road to liberalization will not be a straight one), the new leaders could not remove the damning facts that have now been spread across the official record.

Admissions of the failure of the system are now published so often that they are routine. And they are found in much more august forums than the pages of newspapers. Last summer's Communist Party conference, convened as a solemn event of great national significance, was filled with vivid confessions of past sins. Until Gorbachev came to power, such events were usually devoted to rosy propaganda.

The new tone was set in Gorbachev's own report to the conference: "It must be said frankly, comrades—we underestimated the depth and gravity of the distortions and stagnation of the past. There was a lot we just didn't know, and are seeing only now. It turned out that neglect was more serious than we thought."

In speeches that followed, others spelled out many particulars. For example:

Evgeny Chazov, the minister of health, spoke bluntly on subjects once considered taboo in public discourse: "In the past . . . we kept quiet about the fact that we were in 50th place in the world for infant mortality, after Mauritius and Barbados. . . . We kept quiet about the fact that our life expectancy ranks 32nd in the world." And he revealed one reason for this situation, listing the per capita expenditure on health care in a

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number of Soviet republics—from 70 rubles a year in Latvia down to 42 in Tadzhikistan. (A ruble is worth about $1.50 at the official rate, or about $.35 when freely traded. So the government is paying somewhere between $25 and $105 per year for health care in Latvia, apparently the highest amount for any republic in the country. In the United States per capita health care expenditure last year was just under $2,000.) "The malaise, after all, is not in medicine alone," Chazov told the conference. "It is a malaise of our whole society, and we have to acknowledge this."

G. A. Yagodin, chairman of the state committee on public education, told the conference that *half* the schools in the Soviet Union "do not have central heating, running water or a sewerage system." He said a quarter of all students attend school in split shifts. He quoted statistics from the Ministry of Health showing that 53 percent of all schoolchildren are not in good health, and "during their education, the number of healthy children drops by a factor of three or four. This is a calamity."

D. K. Motorniy, chairman of a collective farm in Kherson Oblast, acknowledged that in his rural area, the authorities had failed "to resolve the three most important tasks: providing heat, constructing roads and providing running water and sewerage." As a result, he said, "people are simply leaving for the cities."

One of the most interesting speeches to the conference was delivered by A. A. Logunov, rector of Moscow State University and a man not considered a particularly enthusiastic Gorbachev ally. Logunov must have startled many in the hall with his blunt evaluation of Soviet science. "The situation," he said, "is altogether unfavorable. . . . Essentially, science has been a hollow word in our country. We have talked about it a great deal, we have allegedly done everything scientifically, but we have done very little for its development. . . . It is simply amazing that in a number of fields, especially theoretical fields, we can still keep up." This of the society that launched Sputnik!

Lest the conference delegates got the impression that these shortcomings had some external or easily curable cause, the editor of *Izvestia*, Ivan D. Laptev, put the blame squarely on the people in the hall—the Communist Party of the Soviet Union. The Soviet system, he said, "created an astonishing, unique situation: the person who makes the decisions [i.e., an official of the Communist Party] bears no legal or material

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responsibility for its consequences, and the person who bears that responsibility [e.g., a factory director, a school administrator or the like] does not make the decisions."

Perestroika—economic restructuring and reform—is the only way out, the delegates were told. "Either the country is doomed to further stagnation, or we gain strength and forge ahead to progress. That is how the question stands. We have no third course." Those were not Gorbachev's words; they were spoken by Yegor Ligachev, the leading Politburo conservative and Gorbachev rival, whom Gorbachev bumped from the ideology portfolio into new responsibilities for agriculture in his dramatic personnel reshuffle in early October 1988.

III

We in the West have little firsthand experience with societies that are structurally unsound. We tend to take for granted the remarkable adaptability of democratic, capitalist nations. Much of the current Western commentary on Gorbachev's prospects implicitly presumes that Soviet society is similarly adaptable—so that, for example, Gorbachev may pull off a successful reform that actually makes the Soviet Union a more formidable adversary in just a few years. But Soviet society is not flexible or adaptable, and the chances of a truly effective reform in Gorbachev's lifetime are negligible.

The Russians themselves understand their own inflexibility. The most-discussed shortcoming in the Soviet Union today is the failure of officials at all levels to adapt to the first, easiest steps of perestroika. The very idea of change is a threat to millions of citizens in that most conservative of countries. Yet Gorbachev is pressing for profound, sweeping changes—so sweeping that they would alter every important facet of Soviet life outside the family. As his initial experience has shown, he will meet resistance every step of the way.

Gorbachev is struggling against the consequences of five decades of misrule—and in some of his ambitions, against all of Russian history as well. "Our model failed," one official in Moscow told me last spring. "It took us nowhere." Another prominent intellectual—a well-known member of the avant-garde of glasnost who was a delegate to the party conference—offered an ironic elaboration of that judgment. "We have made one important contribution," he said. "We have taught the world what *not* to do."

The model failed, but it also distorted the life of a huge

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nation, creating an inefficient, backward society riddled with bad habits, many of them now ingrained over two generations or more. Glasnost has finally allowed thoughtful Soviet analysts to address the distortions of Soviet life directly. Nikolai Shmelyev, an economist, took advantage of the new opportunity to speak bluntly in an article published last spring in *Novy Mir*.

"It is important that we all recognize the degree to which we have gotten out of the habit of doing everything that is economically normal and healthy, and into the habit of doing everything that is economically abnormal and unhealthy," Shmelyev wrote. "We are now like a seriously ill man who, after a long time in bed, takes his first step with the greatest difficulty and finds, to his horror, that he has almost forgotten how to walk."

This notion of forgotten skills runs through much Soviet discussion of the obstacles to reform, as well it should. Millions of Soviet workers have no idea of the difference between careful, high-quality work and what has traditionally been acceptable in their country. Soviet citizens now have an utterly contemptuous view of Soviet workmanship. "It's ours, it's bad," a working man in Moscow told me, as though the two adjectives were synonyms.

This is more than a generalized complaint; it has real consequences. Machinery that can only be produced under conditions of stringent quality control is simply not made. Thus, there are no mass-produced Soviet personal computers, and no mass-produced copying machines. Sixty percent of all apartment fires in Moscow are caused by mass-produced Soviet television sets, which have a tendency to explode. What might be called the Soviet industrial culture has no tradition of quality control, cleanliness, attention to detail and the like. Only in special military plants have the Soviets regularly been able to produce high-quality, complicated machinery—and the costs of production in those enterprises are apparently enormous, because the principal method of assuring quality is simply to reject a large percentage of what is made.

In industry, the traditional solution to all problems is forced production to meet arbitrary plan targets. This means wild days and nights of around-the-clock production (Russians call this the *shturm*, or storm) to meet monthly, quarterly and annual targets, followed by long periods of lackadaisical production to recover from the extra effort expended in the *shturm*. Quality inevitably loses all significance in a system built

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around mandatory quantitative deliveries. And because all production targets—and all plans for the delivery of raw materials and machinery—are set by bureaucrats outside the factory, there is no real opportunity for significant innovation in product design, production methodology, etc. This is what Shmelyev meant when he accused his countrymen of doing "everything that is economically abnormal and unhealthy." Sweeping though that accusation is, it is fully justified.

Soviet economists make no attempt to disguise the severity of the problems the country faces. One could scour the institutes in Moscow and not find an economist who thinks that perestroika or any other imaginable reform will give the Soviet Union a world-class industrial capability in this century, or in the next generation. Structural shortcomings are compounded by technological ones. The Soviet Union did not keep up with the rapid technological change of the last generation—it has missed out almost entirely on the computer revolution—and has no infrastructure to enable it to catch up now. For example, the primitive telephone system, which still only reaches a fraction of the population, is incapable of transmitting computer data. There is no reason to expect that at any time in the foreseeable future the Russians will be able to match the industrial culture of the Taiwanese, let alone the Japanese or the Germans.

IV

Agriculture is often cited—by Soviets and outsiders—as a sector in which speedy improvements could be made with reforms that could be relatively easily put into effect. Gorbachev has apparently adopted this hope himself, and recently has emphasized solution of the national food problem as his first priority.

At first blush there seems a certain logic here; farmers have been tied to a hopelessly inefficient structure of state and collective farms, forced to fulfill orders from far-off bureaucrats who know nothing of farming, while managing, almost as a hobby, to produce more than a quarter of the nation's food on their tiny, legal private plots. Give that private initiative freer reign, it is argued, and the food problem can be solved.

We will see soon enough if this optimism is justified. The available evidence challenges it. Again, the ineradicable consequences of a half-century of misrule have created obstacles to rational progress that may be insurmountable.

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The biggest of those is the absence of rural residents with the inclination or the ability to manage a big piece of land for an extended period of time. The official policy now encourages long-term rental agreements with families or other small units—edging toward a new form of individual enterprise. But the official policy has changed so often, and so dramatically, in the half-century of collectivized agriculture that by many accounts farmers have no confidence that this latest change will last. Others complain that renters are a far cry from owners, and cannot be expected to act like owners.

Even more important, there is no tradition of entrepreneurial farming in the Soviet countryside, and no living farmers who ever practiced it. The successful entrepreneurs of old, who made prerevolutionary Russia an exporter of grain, were wiped out as unwanted kulaks in the ugly first stages of collectivization. A new rural elite then arose—tractor drivers, who had the best jobs and the highest status. The mechanics who cared for the machinery were also better off than the ordinary farm workers. In many areas the bulk of the manual labor on the land is performed by women who fall at the very bottom of the rural pecking order.

But tractor drivers and mechanics know little if anything about managing farm acreage, protecting its vitality from season to season, planting and harvesting to get the most out of it. Even if new regulations make it genuinely attractive to go into business on one's own, there may be few takers. The traditions that would enable farmers in some areas—for example, in the Baltic states, which were not absorbed into the Soviet Union until 1940—to take advantage of new opportunities for entrepreneurship are so long forgotten in Russia and the Ukraine that they have simply been obliterated.

For many decades the Soviet countryside has been dreary and backward, lacking in the most basic amenities. Roswell Garst, the Iowa corn farmer who befriended Nikita Khrushchev, used to note that there were more miles of paved roads in his county in Iowa than in the entire Ukraine, an area thousands of times larger. Every oblast and republic—indeed, every collective and state farm—is burdened with a bureaucratic class that purports to manage, but actually frustrates, agricultural production. By closing the countryside to foreigners, the Soviets for years hid the truth about it, but Gorbachev, as the product of a successful farm area around Stavropol,

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knows the truth. That may explain why he has put his rival, Ligachev, at least nominally in charge of agriculture.

V

When a particular enterprise is unusually successful in producing good-quality products or overfulfilling the targets of the plan, that success is often tied to a single individual—a boss who can make things work. A number of such figures have national reputations in the country—Soviet versions of Lee Iacocca or H. Ross Perot. One of them, V. P. Kabaidze, general director of the Ivanova Machine-Tool Building Association, caused a stir at the party conference last summer by declaring from the podium that he had no need for the Ministry of Machine Building that supervises his plant. "What can the minister give us? Nothing at all!" He ended his address on a gloomy note: "The devil knows what sort of habit we have got into: everybody keeps waiting for some instructions or other . . . [But] now it really depends on us. We must do our thing."

It is that nearly universal tendency in the Soviet Union to wait for instructions that makes an outspoken individualist like Kabaidze so rare. Gorbachev constantly demands more Kabaidzes—more comrades who will take initiative and responsibility for remaking the country—but I found no optimism anywhere in Moscow during a three-week visit last spring that such people will soon be found. Instead, one hears expressions of concern that the reformers in Moscow will summon too many of the good factory directors to the capital to work with them. "If you have to lose a good factory director to get a good minister, that may be a bad trade," one official observed.

The smothering of initiative and responsibility is one of the most discouraging but also most palpable consequences of the Stalinist epoch. Soviet citizens at every level instinctively look upward for guidance and instructions.

Kabaidze's suggestion that citizens do their own thing is as un-Soviet as cherry pie. Russia's great writers have bemoaned the sheep-like qualities of their countrymen for centuries. ("Graze on, you peaceful sheep and cattle," Pushkin wrote angrily early in the last century.) Stalin exacerbated these qualities with a vengeance, literally, by imposing horrific penalties on those who defied instructions—and, even more horrifically, on many who did not, chosen almost at random. The result is what a friend in Moscow called "characteristic Soviet fear"—a reflexive instinct to stay out of trouble by staying low

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to the ground, never speaking up or taking an initiative. Now Gorbachev insists he wants people to speak out, argue with authority and the like, but this doesn't come easily. "We are trying," said one Moscow scholar, "to squeeze the slave out of us."

The Stalinist system created a presumption of equality among workers that Gorbachev has now discovered is another impediment to rational progress. He assails this as a "leveling mentality"—the idea that everyone should receive about the same rewards, no matter what their contribution. But this instinct, too, runs deep in the national character, in part because it grows from a peasant reflex much older than Bolshevism. Georgi Arbatov, the survivor who is director of the Institute of the United States and Canada, described this peasant outlook: "Okay, maybe I'll have to go hungry, but just don't let my neighbor prosper!" Envy of one's neighbor's success, still widespread, can frustrate efforts to create a successful class of entrepreneurs, which is the unpopular goal of the new cooperative movement. Socialism, after all, was meant to eliminate the exploiting class, so why should some comrades be dramatically richer than others?

It would be easier to instill new attitudes in a population less cynical and demoralized than today's Soviet citizenry. I asked an old friend who works in a well-known factory in Moscow what the men on the shop floor thought of Gorbachev's reforms. "They don't believe in anything," he replied, "and they especially don't believe that things will get better." Even the rare optimist among the workers would only argue that in forty years or so, things might improve as a result of reform. The Soviets' incredible drinking problems are vivid evidence of that demoralizaton. It is revealing that Gorbachev's one clear failure has been his anti-drinking campaign. It has angered the population by making it so difficult to buy legal vodka, but it has also done little to reduce drunkenness, because bootlegging is now so widespread and so profitable. In late October the Central Committee announced that steps would be taken to make available more alcoholic beverages.

Another sign of demoralization is the fact that Gorbachev's reforms have no ardent support from the young. Logic would suggest otherwise—a modernizer who is obliterating the taboos of a straitlaced dictatorship, opening the country to the outside world and making room for the evolution of a genuinely Soviet youth culture ought to be a hero to young people. But no one

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in Moscow makes that claim. Teachers and parents both agree that the young people who came of age in the 1970s and early 1980s generally have no interest in politics, and are deeply suspicious of politicians' claims. One senior figure in Moscow called this "a lost generation." It is another symptom of a society that is not well.

VI

Just as Gorbachev must work with the Soviet society and economy that exist, he must also deal with an existing political system and Communist Party apparatus that are resistant to—and ill suited for—the changes he seeks.

Perhaps his single greatest practical problem today is a shortage of like-minded allies within the party on whom he can rely to carry out his reforms. Many comrades simply cannot make the leap to the "new thinking," as Gorbachev calls it; obviously, numerous party officials cannot abandon the prejudices and reflexes of a lifetime. It is doubtful that even a substantial minority of party members personally accept Gorbachev's indictment of the Soviet past, or can embrace his glum assessment of the present. And even those who may privately agree with him can be reluctant to say so openly. "People are still afraid to reveal themselves" as ardent allies of reform, according to one prominent editor, for fear that the party line will change again next week or next year, leaving them exposed.

This caution is understandable. Since Stalin forcibly purged all the individualists from the Communist Party, it has hardly been a breeding ground for resourceful leaders. One of the miraculous aspects of the present situation is the fact that this scared, bureaucratized political organization produced the likes of Gorbachev, his principal associate Aleksander Yakovlev, and the other leading figures of reform. Much more predictable are the gray men we have come to know only in formal photographs who have filled the Politburo throughout the modern era.

Gorbachev has not found a route around those gray figures. He has them in his Politburo; his prime minister, Nikolai Ryzhkov, theoretically responsible for running the economy, is one of them. When Gorbachev had the idea of a special party conference to be held in 1988, midway between traditional party congresses, he was obviously hoping for a gathering that would support sweeping personnel changes. Sometime last spring that ambition evaporated. After a controversial selection

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process, delegates were chosen for the conference who—according to numerous senior officials—were more conservative than progressive.

Several delegates to the conference told me that the majority there were at least very nervous about what Gorbachev was up to. This was evident in a number of the speeches, some of them blatantly reactionary and anti-Gorbachev. The most striking was made by Yuri Bondarev, deputy chairman of the writers' union of the Russian Republic, who asked from the podium of the conference: "Could our perestroika be compared to an airplane that has taken off without knowing if there is a landing strip at its destination?"

In the end the party conference was a chaotic event; no line emerged from its speeches, only a sense of political ferment and uncertainty. The resolutions adopted (but never specifically debated) by the conference gave staunch support to all Gorbachev's policies, but they were obviously produced in advance and blessed in the traditional Soviet manner—unanimously.

Gorbachev's continuing reliance on traditional—that is, Stalinist—methods of control is revealing. His enunciated platform is decentralization, democracy and the rule of law, but his actual performance is still dictatorial. This was most vividly evident last October when he strengthened his position in the Politburo with several sudden personnel changes at the top of the party apparatus, including his own installation as titular president of the country. These changes were ratified by meetings of the party Central Committee and the legislative Supreme Soviet on September 30 and October 1; both meetings were over in less than an hour, no debate was heard at either, and the vote was unanimous at both.

Even if we credit Gorbachev with honest intentions someday to fulfill his democratic platform—and many Soviets still do—for now he must rely on traditional centralized control to impose democracy. On its face this seems a problematic undertaking. It is more uncertain in light of the nature of the people on whom he must impose it.

Soviet bureaucrats and party factotums have no experience and no evident interest in a truly democratic system in which popular will is stronger than they are. The local party secretary is used to being the local regent; his word has traditionally had the force of law—in fact, it has exceeded the force of law, since one of his prerogatives has been to tell the courts

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in his jurisdiction how to behave. The party secretary and a handful of other bureaucrats have had no challengers for power and influence for sixty or seventy years. Now Gorbachev says they must be elected in multi-candidate elections. He says the party organizations must give way to democratic councils or soviets, local legislatures also chosen by the people in multi-candidate elections.

Are such changes really in the cards? There is room for doubt. One compromise introduced on the eve of the party conference to make the idea of "all power to the soviets" more palatable was to install as leader of every soviet the existing party secretary in that region. This was a sop to the party, but it scarcely looks like a contribution to real democracy.

Critical to Gorbachev's vision of a better future is the idea that a new popular will can be formulated and expressed from below. It appears that Gorbachev is banking on this as the ultimate solution to the problem of the reluctant bureaucracy. If he can overwhelm the bureaucrats from above and from below, they will have to go along, or move out of the way.

This beguiling idea can only work if the mass of Soviet citizens makes it work. But can a people with no democratic traditions whatsoever, who by habit or even instinct look to higher authority to organize society and their lives, suddenly become fervid democrats eager to challenge old ways and established leaders? "I am not an optimist," answered a Moscow intellectual now regarded as one of Gorbachev's key allies. "Processes that took four hundred years, sometimes six hundred years, to develop in West European societies never even began here. . . . The organization of our society is very poor."

VII

Success will not be easy. But without any guarantees of success, dramatic *change* in Soviet society is continuing—the distinction is an important one. Already in three and a half years, Gorbachev has brought changes to his country that can never be fully undone. The pre-Gorbachev Soviet Union—the Soviet Union of what is now officially called the "era of stagnation"—will not be restored.

What has happened in the past three and a half years was not predicted—could not have been predicted—by anyone. Gorbachev has gone much farther, much faster than his countrymen or outsiders ever dreamed possible. He has gone very

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far toward completing the demythologizing of Stalin, a process that was begun by Nikita Khrushchev thirty years ago but abandoned in the mid-1960s. He has introduced a degree of freedom of expression in newspapers and journals that has no precedent in the Soviet period. He has shattered taboos that prevailed in his country for generations, permitting debate—and doubt—about some of the most cherished myths of Soviet history. Not even Lenin himself, the icon of the Soviet system, has been spared.

Gorbachev has made change a value in itself. "Our society will change," he promises. He has taken much of the fear out of everyday life for the people who used to feel it most—members of the intelligentsia, who felt most victimized by censorship, controls on travel and the close attention of the KGB. For veterans of earlier periods, the new mood in Moscow is quite incredible. Soviet officials openly make appointments by telephone to see Westerners; journalists brag of the scandals they have caused by exposing official misconduct; editors boast of the historical taboos they have broken in their journals. Soviet television has broadcast suggestions that the country needs a new, multiparty political system. Television has also made room for rock music and Soviet-made rock videos. Citizens gather signatures on petitions to protest the decisions of Communist Party organs. Interest groups form to defend nature against industrial pollution, or to promote anti-Semitic views of Russian history, or to lobby for preservation of historic buildings threatened by official notions of progress.

Travel has suddenly become much easier, so Soviet citizens who never dreamed it would be possible can readily travel to the West. And Soviet emigrés of the last generation, people who left as Jews or political dissidents expecting never to see their homeland again, are now returning for visits in large numbers. All these things are signs of what is clearly most important to many Russians—the creation of a "normal" Soviet Union. The adjective normal, used to describe both what is beginning to happen and what is most sought after, is often heard in Moscow conversations today.

Most amazing for many non-Russian Soviet citizens, the various nationalities have been given extraordinary freedom to organize, to demonstrate and protest. For the multinational Soviet state, nothing could be more exciting (or potentially more threatening) than the manifestations of nationalism seen recently in the Baltic states, in Azerbaijan and Armenia, and

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elsewhere. The CIA reported in October that it had counted nearly three hundred public disturbances provoked by ethnic issues between early 1987 and late 1988. For decades scholars in the West speculated on what would happen when the ethnic genie got out of its bottle. Now it is out.

One of the most intriguing aspects of Gorbachev's rule has been the way a little change has thus far invariably produced in him an appetite for more change. A clear trend of increasing radicalism is obvious in Gorbachev's speeches and interviews. The truly radical political reforms approved at the party conference this June were never even hinted at in Gorbachev's first years, just as the virulent anti-Stalinism evident during 1988 was avoided by Gorbachev himself as recently as his speech in November 1987. As Gorbachev told the party conference, "there was a lot we just didn't know" when he took power in March 1985 and launched his reforms. In the first stages Gorbachev declared that conditions were bad; now he and many others show, in painful detail, just how bad they are. And he has placed much of the blame on the past shortcomings of the Communist Party itself.

The Gorbachev period has changed the thoughts in Soviet citizens' heads. Gorbachev has not yet reformed the economy effectively, but he has enshrined an entirely new set of principles for his countrymen. His most important contribution in this regard may be the destruction of old definitions of "impossible." So much that was once considered impossible is now routine that many thoughtful Soviet citizens have ceased being intimidated by the old taboos. By speaking out with some candor during this period, Gorbachev has accomplished something comparable to the feat of the little boy who shouted out what everyone else knew—that the emperor was naked. It will not be possible for any future, more reactionary Soviet leader simply to announce—as Soviet leaders did for so long—that everything is rosy and wonderful. Gorbachev has eliminated that argument from the usable political vocabulary.

Nor does there appear to be an option of abandoning economic reform and returning to Brezhnevite central controls. Ligachev and his allies have long since acknowledged that the old ways were corrupt and ineffective. Vitaliy Korotich, the editor of *Ogonyek*, one of the loudest trumpets of glasnost, told me: "Without liberalization, the country would just grind to a halt."

His sentiment is widely shared—so widely that no voice can

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be heard making the traditional, contrary argument. This is Gorbachev's biggest advantage: no element in the party has come forward with a plausible solution for the country's problems that differs from his. Even the traditional bureaucrats most discomfited by what is going on cannot offer a hopeful alternative. So it seems most likely now that Gorbachev's colleagues will give him more time to try to find successful antidotes to economic stagnation.

VIII

Russians are coming to terms with the failure of their system, and so should we. Of course they are eager to put it right; many of them would like to return to the days when both they and the outside world saw the Soviet Union as the only genuine rival to the United States for international preeminence. But the return of that day is at best a long way off. In truth, it is unlikely ever to come again.

Stalin's goal was to create an empire tied together by communist ideology, fueled by communist efficiency and dominated by Great Russian ambitions. But the ideology has failed, the efficiency has proven illusory, and the ambitions are anachronistic in the modern world. What is left is a brontosaurus empire, one unfit for survival in a new environment—today's world.

This metaphor was suggested by Lev Kopelev, an extraordinary Russian who was born in Kiev five years before the Bolshevik Revolution, personally participated in many of the most exciting phases of the Soviet experiment, and was driven from his homeland in 1981 because of his own brand of glasnost, then not in favor. He now lives in Cologne, West Germany. In his own lifetime Kopelev has seen the demise of the German, French, British, Austro-Hungarian, Portuguese, Dutch, Italian and Japanese empires—the twentieth century has not been hospitable to such enterprises. This century has been marked by the rise of science, technology and self-knowledge, all of which work against the kind of centralized power needed to maintain an empire or an authoritarian society.

The Russians fought against the times despite setbacks that began long ago, with the defections of Yugoslavia and China, and the rebellions in East Germany, Hungary, Czechoslovakia and Poland. But the fight cannot be waged much longer, because there is no more adhesive to hold the empire together.

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Even within the borders of the Soviet Union there are signs of grave strain.

Most of the twentieth-century empires collapsed peacefully, but some only fell under the pressure of violence. The French held on too long, at too great a cost; the Russians may do the same. It is hard now to imagine how Gorbachev or any future Soviet leader could gracefully yield to the Poles or the Hungarians—not to mention the Armenians or the Estonians—their independence.

But the entire Gorbachev phenomenon was hard to imagine before it happened. These are amazing times. The most dramatic political experiment of the century is collapsing before our eyes—slowly, but certainly.

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William E. Odom

SOVIET MILITARY DOCTRINE

In the 1970s the Soviet Union won recognition as a full-fledged superpower. By the 1980s, however, some observers revised that judgment, calling it "a one-dimensional superpower," possessing only the military dimension. Whatever the validity of the new assessments of Soviet economic and political power, physical indices alone confirm the cogency of the new view of Soviet military power. No state in the world rivals the U.S.S.R. in its combination of size, sophistication and command and control of military forces.

—Soviet ground forces are composed of more than two hundred divisions, all mechanized, and organized under army, front and high commands in at least five theaters of military operations. They possess more than 53,000 main battle tanks, 48,000 tubes of artillery, mortars and multiple-rocket launchers, 4,600 surface-to-air missiles and 4,500 helicopters.

—The air forces include more than 4,900 tactical aircraft. Air defense forces have an additional 1,760 interceptor aircraft, 9,000 surface-to-air missile launchers, and 10,000 warning systems including satellites, radars and air surveillance systems. Under the terms of the Anti-Ballistic Missile Treaty, the world's only ABM system has been deployed around Moscow.

—The Soviet navy has 360 attack and cruise missile submarines, 274 principal surface combatants, and its own air arm of 390 bombers and 195 fighter aircraft.

—The bulk of the strategic nuclear forces is controlled by the strategic rocket forces, with 1,418 intercontinental ballistic missiles (ICBMs) and, until the Intermediate-range Nuclear Forces (INF) Treaty is fully implemented, 553 medium-range ballistic missiles. The navy has an additional 967 submarine-launched ballistic missiles in 76 submarines, and the air force contributes 1,182 bombers.

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—Command and control facilities are hardened, numerous and supported by multiple communications modes.

The Soviet military manpower base is equally large, consisting of over five million on active service and a reserve pool of over 55 million. Perhaps more important, the quality of manpower has improved dramatically. A new, younger and well-educated officer corps now leads the Soviet armed forces. Over 75 percent of all officers have a "higher or specialized education," meaning four or five years at one of the more than 160 college-level military schools. Throughout both Soviet and Russian history, there has always been a shortage of educated officers. That is no longer true. And, for the first time ever, the enlisted ranks are wholly literate, although national minority soldiers often have inadequate command of the Russian language.

II

Today's Soviet forces are so large that one must ask why they have been created and deployed. They overshadow not only U.S. forces but also exceed the combined forces within the Western alliance structure. At least three popular answers have enjoyed currency in the West. First, some observers have argued that, concerning the building up of military forces, there is an "action-reaction" relationship between the U.S.S.R. and the United States. Second, Soviet spokesmen themselves insist that repeated historical experience with foreign invasions encourages a policy of maintaining more military power than foreigners might deem reasonable for Soviet security. Third, some Western analysts, but more important, Soviet military leaders themselves, declare that Soviet force structure requirements are dictated by ideology and the continuing "international class struggle."

There is an element of truth in all three explanations, but for some time the "action-reaction" argument has been losing its cogency. As former Secretary of Defense Harold Brown observed, "When we build, they build; when we stop, they build." Certainly the size and nature of Western forces affect Soviet decisions, but the popular image of an arms race is increasingly difficult to support.

The second argument, that Russia and the U.S.S.R. have been the repeated victim of foreign invasions, is also at odds with the historical record. In the 1890s the Imperial General Staff conducted a study of Russia's military adventures since

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1700 and concluded Russia had been at war for a total of 106 years in 38 campaigns. Of those, 36 were proudly described as "offensive."[1] World War II actually started with both a German and a Soviet invasion of Poland, and since then territorial expansion has been considerable—part of Finland, the Baltic republics and large parts of Eastern Europe.

According to Marxist-Leninist reasoning, war is the consequence of private property, which divides man into classes. As long as the capitalist class exists and possesses military means, the "objective conditions" for peace do not exist, making some form of war inevitable. True peace can come only with the demise of capitalism. Thus the task of the Soviet military and all "peace-loving forces" is to ensure such an overwhelming correlation of military forces in favor of the socialist camp that the class struggle can be pursued successfully—preferably without resort to war, especially nuclear war, but with the victory of socialism in any event.

The ideological basis for Soviet military needs cannot be discounted lightly. Below the level of theory about class struggle, a body of Marxist-Leninist thought about military science and doctrine has been articulated and imbued in both the officer corps and the party leadership, providing them with a rather sophisticated system of categories for dealing with such practical military problems as the kinds and numbers of weapons and forces. A tough-minded, empirically grounded, military professionalism has emerged in Soviet military science and doctrine that deserves our serious attention, if not respect and envy.

"Military science," in the definition of the Soviet *Dictionary of Basic Military Terms*, is "a system of knowledge concerning the nature, essence, and content of armed conflict and concerning the manpower, facilities, and methods for conducting combat operations with armed forces and their comprehensive support."[2] It derives its findings from the study of historical experience in war, training exercises, human behavior, physical sciences, technology and industry. Such findings become the foundation for "military doctrine" for the armed forces of the state.

"Military doctrine," as defined by the same Soviet work, is

[1] Cited by Richard Pipes, *Survival Is Not Enough*, New York: Simon and Schuster, 1984, p. 38.

[2] Moscow: Voenizdat, 1965.

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"a state's officially accepted system of scientifically founded views on the nature of modern wars and the use of the armed forces in them. . . . Military doctrine has two aspects: social-political and military-technical." The two aspects are viewed as highly interactive, and are unique for each state because the political, social, economic, cultural and geographical realities of no two states are precisely the same. While much of military science holds for all states, military doctrine must be designed for the realities of a single state. A shared U.S. and Soviet military doctrine, therefore, would strike a student of Soviet military thought as either absurd or a misunderstanding of the definition.

The social-political aspect of Soviet military doctrine is elaborated by the political leadership, whereas the military-technical aspect falls primarily to the General Staff of the armed forces. Practical questions as to how military doctrine will affect policies for the civil sector are decided in the Defense Council, the small body within the Politburo that ties together the top military, economic and political leadership for defense policy-making. On the civil side, the State Planning Commission, the State Committee for Science and Technology, the Military-Industrial Commission and other organizations receive constraints and parameters for planning. On the military side, the Ministry of Defense and the General Staff receive guidelines within which they must develop forces and war plans.

The rationale for this complex political-economic-military structure derives from its historical and ideological foundations. The Bolsheviks had seized power in a backward country, not in the advanced industrial West as Marx had prophesied. They asked whether socialism could survive and expand from one country, particularly a backward one. Stalin's answer, "Socialism in One Country," built upon Lenin's new concept, "peaceful coexistence," which was a policy of seeking a breathing period. It included developing correct state-to-state relations with the West, raising the level of economic interaction in order to build a modern industrial base in the Soviet Union, and relegating the international class struggle to the Third World. The first Five-Year Plan and the entire effort to accelerate industrialization had as its major aim the creation of sufficient military potential for both the defense of the single socialist state and the eventual resumption of the struggle between socialism and capitalism on a global scale.

Whether one accepts this official reasoning as the actual

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motive for Soviet policy, it certainly did guide the building of institutional arrangements which exist today. World War II vindicated these arrangements and seated them ever more firmly within the Soviet state and party administrative structure. The primacy of military forces in Soviet economic development should be kept clearly in mind as we observe Gorbachev's contemporary struggle for perestroika. Unless he changes the institutional arrangements at their very foundations, it is doubtful that the primacy of military forces in much of Soviet policy will alter significantly.

Because Gorbachev has announced a new military doctrine, "reasonable sufficiency," it is important to understand what it could mean both for the structure of Soviet forces and for the institutional arrangements. This is possible only by looking back on the evolution of Soviet military doctrine, particularly its "military-technical" aspect.

III

Over the seven decades of Soviet military activity, a recurring pattern is discernible. It begins with a recognition by the political and military leaders that Soviet military capabilities are limited by objective conditions. Essentially they are three. First, the manpower base has a low technical-cultural level when measured against the requirements for modern war. Second, the Soviet industrial base is insufficiently developed to provide modern technology and weaponry, either qualitatively or quantitatively. Third, several new technologies are beginning to change the nature of modern weaponry. Once these conditions have been adequately recognized, the question naturally follows, what is to be done about them?

Their first step has repeatedly been to define the nature of future war in light of the new technologies. That, of course, is not easy to explicate unambiguously, and several analysts, all being equally trained in the fundamentals of Marxism-Leninism, are likely to produce different definitions. Debate within key military and some party circles, therefore, characterizes the effort to reach a commonly accepted view. The period of debate varies in duration, but it leads to an official general vision which is set forth as the reference point for changing military doctrine. The basic Marxist-Leninist tenets are retained concerning politics, class struggle, the two-camp world and so forth, but the new technology becomes the factor of

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change, the basis for new assumptions and new requirements for war.

The new requirements are not limited to military issues alone. They affect every sphere of social, economic and political life. To recall the official definition, the social-political side "encompasses all questions concerning methodology, economic, and social bases, the political goals of war. It is the defining and the more stable side." The other side, the military-technical, must accord with the political goals. It includes the "creation of military structure, technical equipping of the armed forces, their training, definition of forms and means of conducting operations and war as a whole."[3]

For Soviet planners, defining the character of future war is the work of military science. It is determined by the nature of technology and the proven and potential methods of applying that technology to warfare. The proven methods, of course, are learned from the study of military history, that is, from practical experience. The potential methods are speculative hypotheses about future combat. Once the debate about the nature of future wars has ended, the Soviet military can proceed to develop the social, economic and military requirements in the context of an officially promulgated military doctrine.

The sequence here is important. The intellectual process starts with ideological assumptions and propositions about historical process, about politics, class struggle, international relations and so on. The basic stimulus seems to originate with the political preferences expressed in the official ideology. The next stimulus, however, is not, as is often believed, the size and nature of foreign armies in the imperialist camp. Rather, it is the nature of technology. The justification for Soviet weapons developments, therefore, arises in the first instance from new technology rather than from the adversaries' force structure. Only next in the sequence comes an assessment of the forces at the disposal of the socialist and capitalist camps as well as the resources—military, economic and social—at the disposal of the Soviet Union.

Once this work is done, planners are ready to lay out the industrial, social and manpower policies required to support Soviet force structure. Since the Soviet predicament has repeatedly been one in which an adequate industrial and technical

[3] A. Beleyev, "The Military-Theoretical Heritage of M. V. Frunze," *Krasnaya Zvezda* (*Red Star*), Nov. 4, 1984.

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base either does not exist or has been destroyed by war, in which the cultural level of the manpower base is far too low to master modern military technology, and in which new generations of technology have altered radically the nature of war, there is, not surprisingly, a dramatic impact of military policy on every other sector of society.

The early 1920s saw the first cycle. Three new technologies—aviation, chemical weapons and motorization—had shown their impact during World War I, giving impetus to a fundamental reassessment of the nature of future war among the new "Red Commanders" in the Soviet Commissariat of War. Their findings can be summed up in four key points. First, the previous distinction between "front" and "rear" in war would disappear in light of airpower. Second, motorization would make possible much swifter and deeper offensive operations than seen before. Third, the stocks of weapons and ammunition for war could not all be produced in peacetime as it was assumed before World War I. Industry would have to be able to mobilize, defend itself against air attack and maintain high production levels throughout the war. Organizing the economy for war would require far more than had been conceived earlier, either in Russia or the West. Fourth, the technical-cultural level of military manpower would have to be quite high, a particularly troublesome point for the U.S.S.R. When the Red Commanders compared their officer corps and recruiting base with those of the West.

When the image of future war as it was richly described in the 1920s in uncensored journals and books is compared with the actual character of World War II, the congruence is impressive. Red Army leaders never accepted Western images like General Giulio Douhet's, which put excessive emphasis on airpower. While they did not underrate airpower, they insisted on a "combined arms" approach, arguing that no single service or weapons system could win wars alone. Their image proved more prescient.

After World War II the Soviet marshals found themselves in a predicament remarkably similar to the 1920s. Confronted with a war-torn industrial base and a poorly educated manpower base, they also saw three new technologies that had begun to change future war even more radically than had been the case in the 1920s. Nuclear weapons, rocketry and cybernetics (early computers) created what Soviet military thinkers characterized as a "revolution in military affairs."

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A new cycle began in Soviet military science and then doctrine, only this time it was confined in its early phase to classified circles. By 1962, however, with the publication in the Soviet Union of Marshal V. D. Sokolovskiy's volume, *Military Strategy*, the West was provided with a synthesis of Soviet thought on the matter, a general vision of a nuclear conflict and the requisites for coping with it. The Soviet forces that emerged over the succeeding two decades look quite rational, both in quality and quantity, when viewed against the Sokolovskiy image. Just as two essays by M. V. Frunze in the 1920s provided a general synthesis and image of the future at the time, so too Sokolovskiy provided a conceptual outline for the future of force building in the 1960s.

In the West, theorists often assert that the logic of war in the nuclear age must be the same for both sides. In the 1960s it was believed in the United States that Soviet doctrine would sooner or later parallel our own. To some degree, of course, that has proved true, but the premises of the Soviet military science and doctrine are sufficiently different to ensure some fundamentally different results.

The most significant difference concerns what the Soviet military theorists call "the preparation of the rear," that is, homeland defense and preparation for mobilization. Both world wars had taught them that this is first priority. Unless the "rear" can be defended and its resources mobilized, there is little use in speaking of campaigns elsewhere. The Soviet starting point, therefore, is strategic defense, survivable command and control, and military and industrial mobilization. After a brief concern with this problem in the 1950s, many in the West came to believe the task is beyond our means and therefore not worth the effort. A renewed interest in some of the defensive capabilities surfaced in the Carter Administration and were carried forward with more resources in the Reagan Administration, but the lack of consensus for the Strategic Defense Initiative and civil defense indicates a limit to which the West agrees with the U.S.S.R. on this issue.

The next most significant difference is found in the Soviet obsession with contiguous theaters and how to seize them swiftly. Air power, rocketry and naval power have generally taken a back seat to the problem of how to attack Europe, the Far East and Southwest Asia, the three contiguous land theaters. Strategic nuclear forces have enjoyed high priority, but they also must support these theater campaigns. Until lately,

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aviation was focused primarily on the theater mission. The navy must defend the naval approaches during these campaigns and also defend the submarine-based nuclear missile force.

The United States and its allies have been concerned with defense of the theater (e.g., Europe), but that has consistently taken second priority to the maintenance of strategic nuclear forces able to attack the U.S.S.R. independently of the theater campaign. For the most part, U.S. strategic forces have been considered separately from the theater defensive campaign; targeted to achieve "deterrence" objectives in the first place, with little attention to how they could affect Soviet theater capabilities. A basic change in U.S. doctrine did occur in 1980, however, with the issuance of Presidential Directive 59, in which a linkage between theater objectives for defense and traditional deterrence objectives was dictated.

A third difference is the persistent Soviet focus on "combined arms"; that is, making all branches of service and weapons work jointly for a common military objective, giving no single service or weapons system a wholly dominant role. Again, this stands in contrast to the U.S. approach which gives the dominant role to strategic nuclear forces and allows a relatively independent "maritime strategy" and "Air Land Battle."

Americans might more easily understand the Soviet outlook if we assumed for a moment that our most threatening enemies were in Canada and Mexico. That would cause us to focus on theater warfare and preparation of the United States against direct attack. Our naval and air forces would more likely be designed for what they could do to facilitate the success of our ground forces attacking these two theaters. We might be interested in seizing them without resorting to nuclear war if that seemed even remotely possible. But if nuclear weapons seemed likely to be used, we would still be faced with trying to occupy these countries with land forces, a requirement keeping a "combined arms" approach sharply in focus.

To carry this analogy further, let us assume that the U.S.S.R. supported Canada and Mexico and also backed them with ground and air forces deployed in both countries. Furthermore, suppose that the U.S.S.R. promised them a nuclear umbrella provided by ICBMs, bombers and submarines. We would face two problems. Not only would we want to neutralize these Soviet nuclear forces, but we would also try to prevent the projection of additional Soviet forces and supplies from the U.S.S.R. to Canada and Mexico. These problems, of course,

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would become tasks for our nuclear and naval forces, and they would be tied to supporting the theater campaigns, not allowed to develop independent campaigns under separate doctrines.

Keeping this analogy in mind, consider now the issue raised in Marshal Sokolovskiy's *Soviet Military Strategy*. He wrote:

> The question arises of what, under these [nuclear] conditions, constitutes the main military-strategic goal of the war: the defeat of the enemy's armed forces, as was the case in the past, or the annihilation and destruction of the objectives in the enemy interior and the disorganization of the latter? The theory of Soviet military strategy gives the following answer to this question: both of these goals should be achieved simultaneously.[4]

In other words, the Soviet General Staff could not give up its primary focus on the theater campaign. It would have to plan attacks on the enemy's theater forces and his rear areas in a combined effort. Because the enemy was not just in Europe and East Asia but also in North America, that meant operations would have to be conducted both in the contiguous and in certain noncontiguous theaters. In contrast, the U.S. military attention has been focused almost wholly on carrying war to noncontiguous theaters, and even then not always in a "combined arms" fashion.

We can now see with reasonable clarity the force-building goals of the General Staff as they emerged in the late 1950s and early 1960s. Soviet forces had to be able to attack successfully first Europe and then the Far East and Southwest Asia under both nuclear and non-nuclear conditions. This required three major capabilities.

First, an adequate defense of the rear had to be built. That is why the Soviet forces include 1,760 interceptor aircraft, 9,000 surface-to-air missile launchers and 10,000 warning systems such as radars and satellites. It also explains the ABM system around Moscow and the extensive deep underground sheltering for command staffs and communications.

Second, it required large mobile and armor-protected forces that could carry the offensive to great depths, hundreds of kilometers in weeks. That is why we see such a large tank force and why all Soviet infantry is mounted in armored fighting vehicles with anti-radiation liners. Such forces can be deployed in echelons dispersed evenly to the rear, disallowing concentra-

[4] V. D. Sokolovskiy, *Soviet Military Strategy* (Third Edition), New York: Crane, Russak, 1968, p. 202.

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tions attractive as nuclear targets. At the same time, their mobility allows them to move forward rapidly, accumulating mass against and within NATO's defenses, too close for nuclear targeting.

Third, means are required to attack the adversary's rear, his economy, his means of projecting forces to Eurasia and his command and control. This accounts for the strategic rocket forces buildup followed by the contemporary addition of long-range bombers. It also accounts for some of the naval developments, the submarine-based ballistic missiles and attack submarines.

Such military requirements are not only large, they are also quite different from the Western alliance's conception of its own military needs. They imply enormous offensive military power, but the offense is predicated on a defense of the homeland from air, land and sea attack. They are not designed for a short war—although Soviet theorists clearly envision an intense initial period of conflict, most probably involving nuclear weapons, more intense than in any previous conflict, and one likely to determine the eventual outcome—but for one that will be followed by lengthy subsequent phases. Not least, they imply a remarkable command and control apparatus that can ensure the combined purposeful use of all types of forces.

In sum, at the risk of imposing too tidy a structure, we can see a unique Soviet "triad" of capabilities: to defend the rear; to seize the contiguous land theaters; and to project war into the noncontiguous theaters that may affect the campaigns in Eurasia.

IV

A third cycle in Soviet doctrinal evolution began in the late 1970s and continues today. While it is not as dramatic as the previous two, it nonetheless involves significant changes which are unquestionably related to some aspects of Gorbachev's new foreign and domestic policies.

As in the past, the present cycle was stimulated, according to Soviet theorists, by changing technologies. Microcircuitry and the modern semiconductor have had a dramatic impact on many aspects of military weaponry, computations and communications. Avionics for aircraft, accuracy of missiles and bombs, management and storage of information for logistics and control of operations are merely a few of the military uses of the products of the semiconductor revolution. Directed

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energy, or laser, technology has a similar impact on many aspects of military equipment and operations. These two technology families have been heralded in the West as likely to create major improvements in military capabilities.

The so-called emerging technologies are being closely followed in the Soviet Union. In fact, some elementary applications of them are actually being fielded in Soviet forces more rapidly than in the West. A third technology, genetic engineering, has also galvanized a massive Soviet research effort, but whether it will yield practical military applications in chemical and biological warfare weaponry is questionable.

There are other changes, much higher-yield non-nuclear explosives for example, that also compel this basic review in Soviet military circles of the nature of future war. At the same time, improved designs in nuclear weapons, combined with improved accuracies, have the effect of moving nuclear arsenals toward small-yield warheads, actually reducing total megatonnage. This trend in the U.S. arsenal is much further along than in the U.S.S.R., but we can expect technology and tactical applications to lead Soviet designers in the same direction.

In the tradition of the 1920s and the 1950s, the General Staff has worked through a major change in doctrine, based on what it believes these new technologies will do to the nature of future war. The pattern is not as precise as it was previously, but by the early 1980s, change in ground force organization began to appear. It continues with the emergence of a new level of operational command, the "high command" in a "theater of military operations." It stands between the "front commands" and the General Staff, linking "strategic" and "operational" levels of command, greatly expanding overall command and control means for the enormous campaigns Soviet planners envision.

The new goal for the high command is to be able to conduct a multifront operation on a frontage of about 700 kilometers, driving about 1,200 kilometers deep in three or four weeks. This goal cuts in half what earlier doctrine specified for the speed and depth of the theater offensive, a truly breathtaking aspiration, making blitzkrieg campaigns in World War II pale by comparison. For the Central Front in Europe, it means reaching the English Channel and the Pyrenees in less than a month on a front extending from the Alps to Denmark.

It is, of course, natural for the General Staff to put such emphasis on the theater campaign, and some of its dynamic

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features have implications both for Soviet military doctrine and for foreign policy. The concern for a much longer conventional phase at the beginning of a war is evident in Soviet thought and, during that phase, a priority aim is the destruction of NATO's nuclear means with Soviet *conventional* weapons. We can only infer the meaning of that emphasis, but if a large part of NATO's nuclear forces are destroyed quickly during the conventional phase, the Soviet marshals must reason that NATO's incentive to use nuclear weapons will decline, as the balance of NATO and Warsaw Pact theater nuclear forces shifts dramatically against NATO. Such reasoning is probably behind statements like Marshal Nikolai Ogarkov's in May 1984 to an interviewer for *Krasnaya Zvezda* (*Red Star*) that the nature of new non-nuclear weapons is such that he could conceive of a global war in which nuclear weapons are not used. Corroborative evidence may also be seen in Moscow's enthusiasm for the INF treaty, which would remove 572 nuclear targets in NATO territory. Soviet conventional forces therefore would not have to destroy these targets as they seek to alter radically the theater nuclear weapons balance.

In other words, it appears that Soviet diplomacy in arms control is coupled with this change in theater doctrine to achieve essentially military objectives. The same is true, of course, for other dimensions of Soviet diplomacy and propaganda aimed at the denuclearization of Europe.

The doctrinal change in the third leg of the Soviet triad, projection of war to noncontiguous theaters, is less radical than for the second leg, the theater campaign, but it is nonetheless evident. In strategic nuclear forces, the silo-based ICBM force has leveled off in size, although it is still being modernized. Expansion is occurring in land mobile ICBMs, particularly the SS-25 and the SS-24. Presumably this more survivable force is designed not for the initial period of war, but for subsequent phases after the silo-based force has been expended. Parallel to this ICBM development, a modern strategic bomber force is emerging. The Bear H bomber fleet and the new Blackjack bomber, still in its infancy, portend an eventual large nuclear-capable bomber force. And the launching of both large Delta-class and Typhoon-class submarines permits keeping the submarine-based strategic force within protected ocean bastions near the Soviet Union, still able to reach the United States with submarine-launched ballistic missiles but much less vulnerable to destruction by U.S. naval forces.

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The Soviet navy has not yet pretended to have the capability to attack the sea-lanes in which U.S. forces would move to Europe or East Asia. But the logic of the changing Soviet image of war, one in which the conventional period is longer, would seem to require that the navy assist the theater campaigns by interfering with U.S. forces en route to Europe and the Far East. Soviet naval lodgments in Cuba could also support this mission, making the strategic significance of Cuba potentially quite large. In any event, we should anticipate a continuing expansion of the Soviet navy to meet this general war mission.

In the first leg of the Soviet triad, preparation of the rear and remarkable hardening of command and control facilities is proceeding, as is steady work on the ABM system around Moscow. Air defense against low-altitude attack by bombers and cruise missiles is also receiving much programmatic attention with the fielding of the SA-10 surface-to-air missile system and a look-down/shoot-down capability on interceptor aircraft.

The preparation of the rear, however, includes more than military forces. It involves the industrial and the science and technology bases. Here the trends are quite different from those in weaponry and forces, and they reflect a fundamental problem for Soviet doctrine.

It is one thing to work out the findings of military science in light of the three new technologies of microcircuitry, directed energy and genetic engineering. It is quite another thing to build a modern industrial base that can produce the modern weapons these technologies make possible.

To some degree, the military-industrial and scientific sectors can be isolated from the remainder of the economy, given priority and built at the expense of the rest of the economy. The logic of Soviet military doctrine, however, in its two aspects, social-political and military-technical, emphasizes not isolation of the military sector but rather its organic relation to the rest of society and the economy. Military potential, a term Soviet authorities invest with a special "scientific" definition, takes into account all of a state's economic and social resources for assessing the "international correlation of forces." Soviet military leaders, therefore, must consider more than their narrow sector; they must look at the economy and the society as a whole in preparing for war or an arms race.

A large lag in the development of civil sectors can reach a point where it becomes a major constraint on the military sectors. Marshal Ogarkov was fairly explicit on this point in a

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number of his articles while he was still chief of the General Staff. Undoubtedly, Marshal Sergei Akhromeyev, the present chief of the General Staff, and several other senior officers who helped Ogarkov in the doctrinal revisions of the late 1970s and early 1980s, still share his concern about Soviet means for carrying through the force-building implications of the new requirements. They must share the view so widely expressed under glasnost by Gorbachev and others that the Soviet economy must accelerate its modernization, that it must reach world standards. Otherwise, there is little hope for eventually fielding the kind of weapons and forces in the numbers the revised Soviet doctrine dictates.

There is adequate precedent in Soviet history for the military to support a reduction in contemporary military procurement in order to ensure enhanced future production of modern weaponry. It happened in the 1920s, in the late 1940s and possibly, with regard to conventional forces, in the early 1960s when, for a time, the priority was nuclear forces. The conditions are different today, however, because very large and expensive forces already exist. They did not exist in the 1920s, 1940s and late 1950s. Neither did the large military industrial plant stock which exists today.

Finding a way to convert the present-day large stock of Soviet "guns" to modern economic "butter" is neither an easy nor a short-term task. Much of the Soviet military sector, weapons and industrial plants, is a sunk cost. Manpower is easier to convert, but tank and radar factories, relatively modern by Soviet standards, cannot be quickly transformed into modern automotive and semiconductor-based electronic plants. In the best event, the shift from guns to butter will require five to ten years, perhaps even longer.

Another set of constraints is also beginning to confront the social-political aspect of Soviet doctrine. Morale and discipline in the armed forces have increasingly become a problem. Mutinies and disorders in the navy have been reported, and suicides and breaches of discipline are apparently frequent in the ground forces. At the same time, the effects of the war in Afghanistan are working their way among Soviet youth and parents, particularly in attitudes toward military service. In a few instances, officers have been active in the Soviet dissident movement. These developments are difficult to assess for their overall impact; they are subjective factors, changeable, but nonetheless probably worrying to the political and military

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leadership. Glasnost and perestroika are bound to give them greater vent, creating ambivalence in the General Staff about the price paid for the promise of industrial modernization.

Against this backdrop of new Soviet force buildup requirements and the constraints the Soviet leadership faces in achieving them, we can interpret several developments in declared Soviet policy on military doctrine and East-West competition.

In his book, *Perestroika*, Gorbachev advances a rather fundamental change in ideology. Acknowledging that the 20th Party Congress in 1956 saw war as no longer inevitable in the nuclear age, he insists that the advent of nuclear weapons has created a new kind of interest apart from class interests. This new interest, "humankind interest," transcends class struggle because it involves saving mankind from total destruction. In traditional Marxist-Leninist thought, he admits, the relationship between war and revolution has always been viewed positively, since war traditionally has triggered revolutions. Today, however, when war involves nuclear weapons, that cannot be so. The 27th Party Congress has taken account of this "deep conceptual turn," a new understanding of the relation between war and revolution, between class and humankind interests. The Soviet Union, therefore, must join with imperialist states in efforts to prevent nuclear war. Gorbachev rhetorically asks:

> Does this imply that we have given up the class analysis of the causes of the nuclear threat and of other global problems? No. It would be wrong to ignore the class heterogeneity of the forces acting in the international arena or to overlook the influence of class antagonism on international affairs and on the approaches to the accomplishment of all other tasks of mankind.[5]

In short, the change in competition between the two camps appears to be confined largely to nuclear concerns.

In this context, Gorbachev has introduced the idea of "reasonable sufficiency" as the basis for a purely defensive military doctrine for both East and West. Civilian analysts in Moscow have used this opening to argue that Soviet military requirements have been based on an exaggerated estimate of the likelihood of an attack on the U.S.S.R.[6] One Central Committee official, V. V. Zagladin, was quoted in the Soviet press as

[5] *Perestroika: New Thinking for Our Country and the World,* New York: Harper & Row, 1987, pp. 144–148.

[6] V. Zhurkin, S. Karaganov, A. Kortunov, "The Demands of Security—Old and New," *Kommunist*, January 1988, pp. 42–50.

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admitting that the Soviet Union had previously "proceeded on the possibility of victory" in nuclear war, adding, however, that Soviet policy now rejects this assumption.[7]

Marshal Akhromeyev, during his visit to the United States, threw additional light on "reasonable sufficiency." It resulted from a two-year discussion in the Defense Council, where a decision was taken about the social-political aspect of military doctrine in favor of a defensive variant. On the military-technical side Akhromeyev insisted that the new doctrine means the Soviet Union will initially remain on the defensive for about twenty days while trying to negotiate a peace. If that fails, Soviet forces will have to launch a "counteroffensive." He carefully avoided questions about possible reductions or other changes in Soviet forces that the new doctrine ought to entail.

In late July 1988 Gorbachev's Politburo colleague, Yegor Ligachev, publicly challenged the wisdom of parts of Gorbachev's new ideological foundation for his change in foreign and military policy. Talk about "humankind interests" transcending class interests in the international class struggle, in Ligachev's view, is confusing Soviet friends abroad.

What sense are we to make of these not wholly compatible statements? We know with reasonable confidence that the military-technical aspect of military doctrine was revised in the late 1970s and the early 1980s, and we can infer with equal confidence the large demands that the revision puts on the Soviet economy and society. Gorbachev apparently does not want to pay the price of meeting them in the short run. If Akhromeyev is to be believed, Gorbachev has been able to push through a halfway change, a new version of the social-political aspect of military doctrine. That is much easier than revising the military-technical aspect.

Because the military scientific work on which the present version is based is not a matter of policy whim but developed in light of new technological realities, the military can advance strong reasons not to change it. Akhromeyev's concept of a defensive phase for a few weeks followed by a counteroffensive is not a change of doctrine. It is a change of war plans. Gorbachev and the civilian analysts seem to want more than a change of war plans; they are building a case for a reduction

[7] *Izvestia*, June 27, 1988.

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in Soviet forces. In other words, military policy in the Soviet Union is still a matter of debate, far from resolved.

At the same time, Gorbachev's new ideological position on nuclear weapons and Zagladin's assertion that victory in nuclear war is no longer assumed possible are acceptable to military planners. They are compatible with, and even supportive of, trends in the military-technical aspect of the doctrine worked out a decade ago. It makes sense to encourage a broad downgrading of the idea that nuclear weapons can have political utility. From a purely operational viewpoint, if the new doctrine were accepted both in NATO and the Warsaw Pact, it might well relegate nuclear weapons to the role to which chemical weapons were confined in World War II.

Marshal Ogarkov's public assertions about global war without nuclear weapons also suggests a genuine military interest in the denuclearization of warfare. Moreover, the experience of the Chernobyl nuclear accident may have served to reinforce such attitudes. If the inference about a Soviet triad—defense of the rear, the theater offensive and the projection of war to noncontiguous theaters—is an accurate characterization of the peculiar Soviet view of how to prepare for war, then abandoning nuclear weapons must appear highly desirable to the General Staff and lower-level echelons which may have to direct and control operations. That would make defense of the rear much easier and also facilitate the theater offensive by removing the prospect of contaminated areas to be traversed in the enemy's rear, not to mention fallout from nuclear bursts carried eastward.

In addition to these purely military considerations, a denuclearization policy also attacks the NATO doctrine of deterrence through nuclear weapons. Gorbachev's ideological innovation, insisting that nuclear weapons can have no political utility, means that U.S. deterrence doctrine is against the interests of mankind. Deterrence doctrine, of course, implies a political utility for nuclear weapons, a utility that Gorbachev's ideological proposition would take away.

V

What are the implications of these numerous Soviet military developments? At least three seem to stand out, demanding special emphasis.

First, there is a fundamental asymmetry between the American and the Soviet ways of conceiving and developing military

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force structure goals. While the Soviet Union does take into serious account what weapons the West builds and fields, it does not start with that factor. Rather, it proceeds from deeply held political assumptions and then looks at what technology makes possible for military means. Given its continental geographical position and the existence of potential adversaries on the contiguous land theaters, the Soviet Union creates for itself dramatically larger military requirements. It could reduce them, but to do so would call for not just a new tactical variant of the old "peaceful coexistence" policy but a surrender of the ideological tenet that there is a basic conflict between the two camps.

Second, the most recent cycle in the development of Soviet military doctrine has thrown up requirements that the Soviet economy, in its present condition, cannot fulfill. Large constraints now confront both the political and the military leadership. The idea that the West could spend the Soviet Union into bankruptcy through an arms race is certainly overdrawn, but the public caricature of the idea has served to obscure very real potential leverage that military and economic competition gives the West. As long as the West chooses to de-link the political-military component from the economic component of East-West relations, it denies itself a large security advantage, and it probably discourages some of the more fundamental changes in the U.S.S.R. by relieving the economic pressures that would prompt them.

Finally, the United States and its allies are facing a three-pronged offensive against their basic security strategy, nuclear deterrence. First, the trends in technology and weapons development, not only as the Soviet General Staff views them but also as they are emerging in the West, are working against the basic reliance we have placed on nuclear weapons. The new technologies cannot put the nuclear genie back in the bottle any more than the Luddites could stop the British industrial revolution, but they might displace them from use, like chemical weapons, by canceling their political utility.

The second prong of the attack is in arms control. It took Moscow a surprisingly long time to recognize the opening that the INF "zero option" provided for a general offensive against Western deterrence policy. Once the Soviet leadership perceived it, however, they exploited it. Not only could the removal of INF weapons from Europe set in motion greater demands for the removal of all nuclear weapons, it would also

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enhance the new operational doctrine which seeks to avoid nuclear war in Europe through destruction of NATO's nuclear means during the conventional phase of a theater campaign.

The third prong of the Soviet offensive is directed against Western public attitudes toward security in general and nuclear weapons in particular. Gorbachev is committing almost as much energy to convincing Western publics of the virtue of perestroika as he is to his domestic struggle to permit it. This enormous political engagement tends to confuse and disorient Western publics on security matters. It requires little intellectual energy to work up enthusiasm for "humankind interests" such as the avoidance of nuclear war. It requires a great deal of intellectual energy and sophistication to see the connection between nuclear weapons, deterrence strategy and the avoidance of nuclear war.

These three implications portend both challenges and opportunities for the Bush Administration.

The first challenge is to re-couple our strategic programs and arms control policies to support deterrence rather than undercut it. Even if we achieve that, a number of other factors, vividly clear in Soviet doctrinal developments, suggest that both technology and changing military imperatives will force us to abandon nuclear deterrence in the form we have known it since the 1950s. During the 1990s we surely will have to modernize and redesign our conventional forces if we are to continue to maintain the postwar order in Europe.

Another challenge is public education about Soviet strategy, its ideological component and its arms control component. That will be essential for gaining adequate public support for future arms control negotiations and for defense programs in Europe and Asia.

Opportunities for constructive negotiations are probably greater than at any time in the postwar period, but we are unlikely to exploit them unless we recognize correctly what created them. The Gorbachev phenomenon is not wholly a function of his personality. Nor are improved U.S.-Soviet relations largely the result of diplomatic skill and flexibility. The change in Soviet policy is more directly attributable to an internal Soviet assessment that the international correlation of forces is moving against Soviet power. Moscow has confronted both domestic and foreign policy defeats. Gorbachev has been willing to recognize this in the state of his economy and in Afghanistan. He also realizes that his military is losing the

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qualitative arms competition. These defeats have forced the Politburo to review the basic elements of Soviet power, not just military factors.

It would be a grave error for the new administration to relax all the competitive pressures the Soviet Union feels from the sustained U.S. military buildup and from U.S. assertiveness in regional conflicts. An equally grave error would be to offer massive credits and economic assistance without a political quid pro quo.

A modicum of tension will help Gorbachev if it is not excessive. Is it conceivable that he could have convinced his colleagues to pursue glasnost and perestroika if the United States and other states had not supported the insurgents in Afghanistan? If U.S.-Chinese relations had not developed as they have? If technology transfers and East-West trade had proceeded unabated from 1975 to the present? It is doubtful that the more conservative party leaders could have been convinced to take the large risks Gorbachev has led them to accept.

To be sure, we must meet Gorbachev halfway. We must help him lower East-West military tensions, but we must not bet our security on his success. That might help him in the short run, but in the longer run it will hurt him if he truly intends systemic change in the Soviet Union. It might well diminish the sense of internal crisis that he has convinced his colleagues exists in the Soviet Union.

The military competition has contributed to the forces of change in the Soviet Union, and it can continue to do so if we provide adequate Western military power to back skillful Western diplomacy. Without that military power, our diplomacy cannot succeed. With it, we may hasten the "mellowing" of Soviet ideology that George Kennan foresaw more than forty years ago in the pages of *Foreign Affairs*. The signs of a beginning are at hand.

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Fouad Ajami

IRAN: THE IMPOSSIBLE REVOLUTION

In the Islamic world the summer of 1988 evoked memories of another summer, 21 years before. In the summer of 1967 the hero-leader of Pan-Arabism and nationalizer of the Suez Canal, Gamal Abdel Nasser, acknowledging the force of facts, told his faithful that their dream of power, autonomy and radical nationalism had ended in bitter disappointment and defeat. He had stirred a storm; now he had to call it off. He had promised a bright new world, but the Arab defeat in the Six Day War showed up the inadequacy of so much of his labor.

In the summer of 1988 it was the turn of Ayatollah Ruhollah Khomeini: the believers of the Iranian Revolution were told that the war against Iraq, which the "armed imam" had vowed to prosecute to victory, would have to be written off. He would drink the "poisoned chalice" of accepting the peace. He was "ashamed," he said, before his nation and its sacrifices.

During the preceding decade, in his years of triumph, Khomeini had been a stern and remote figure to his people; he had righteously called for their obedience and submission. With his revolution on the ropes, he spoke to his "revolutionary children" in a different voice. It was hard for them, he knew, to accept what had come to pass. "But then," he asked rhetorically, "is it not hard for your old father?"[1]

Obituaries of revolutions are hazardous affairs. The risks were pointed out long ago by Victor Hugo; after such a whirlwind, the great novelist told us, a "nation asks for nothing but repose. . . . In other words, it longs for tranquility. We have had enough of great happenings, great risks, great adventures, and more than enough, God save us, of great men. Now we are exhausted and each man seeks his bed." But something else goes along with this fatigue: "Certain facts emerge and call for notice by hammering on the door, facts born of revo-

[1] Quoted in *The New York Times*, July 23, 1988.

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lution and war, newfound facts which demand guarantees. . . . Guarantees are to facts what rest is to men."[2]

It is idle then to write of the "end" of a great revolutionary upheaval or to assign specific dates to that end. Even when "unfinished, bastardized and doctored" (the words are again Hugo's), revolutions "nearly always retain sufficient sanity not to come wholly to grief. A revolution is never an abdication." By their very nature revolutions are brief affairs; then the world reconstitutes itself. What emerges is not quite the old world before the storm, but a hybrid, a jumble of old and new realities spawned by the revolutionary situation.

A transformed Iran has emerged after the appropriation of political power by the theocrats and their flock—the newly urbanized, the disoriented, the half-educated. Judging by its record over a decade, it is a revolutionary state with cunning to match its ferocity, a state capable of organizing great campaigns and retreats and adjusting to things that can and cannot be. And in the behavior of its custodians can be discerned both the zeal and audacity of revolutionary politics and the wily resourcefulness for which Iranian society has long been known. After a decade of exhortations and passionate proselytism, and a war they could not conclude on their own terms, the governors of that state must fully understand that their Pan-Islamic revolution did not catch hold.

Islam's civil war, between the Iranian Revolution and its adherents in the Arab world on one side and the dominant status quo in the Arab states on the other, has issued in a standoff. The revolution frightened its enemies. Heady and seemingly triumphant a few years ago, the revolution worked with some deadly material: the wrath of the underclass in the neighboring Arab states; the sectarian split between the Sunni ruling classes in Iraq, and in the other states of the Gulf, and large Shia communities there and in Lebanon which had been left politically unincorporated and unclaimed; and the explosive question of the foreigner's (read "the American") presence in the region, the attachment to the foreigner's ways, the dependence on the foreigner's power.

The revolution embarrassed and bloodied the status quo by appealing to the nativism and "authenticity" of traditionalists bent upon retaining their ways. But the revolution could not win; the armies of the modern-day Mahdi could not prevail.

[2] Victor Hugo, *Les Misérables*, Vol. 2, New York: Penguin Books, 1980, pp. 9–10.

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The Iraqi state—a patchwork of Sunni Arabs ruling over a large Shia majority and a minority of Kurds alienated from the political life of the country—withstood the buffeting of war. And the conservative states of the Gulf dug in and waited out the revolution's moment of enthusiasm.

The revolution claimed a universal message, a broad Islamic mandate; its rivals depicted its unbounded claims as a cloak for Iranian hegemony, a bid for the mantle of the Prophet by a minoritarian Shia sect at odds with the ways of orthodox Islam. The revolutionary state promised utopia—a revenge against the mighty and the pampered, a social order more pure and authentic. But to the numb and the jaded and those sitting on the fence, the conservative rivals of the revolution offered the safety of routine, the comfort of what men knew and lived with.

Now both the status quo and the reconstituted revolutionary state return to the more "normal" ways of statecraft. The Iranian state retains some formidable assets, but the euphoria and exaltation are clearly a thing of the past, a product of an extraordinary decade in the region's history.

II

Perhaps the shrewdest among the guardians and tribunes of the Iranian Revolution knew it all along—that "sister republics," to borrow the language of the French Revolution, or "potential capitals of our revolution" in Ayatollah Khomeini's words, would be elusive. Even the Jacobins in their time knew that foreign revolutionaries were fickle friends, that foreign adventures were expensive endeavors, and that the world outside the borders of the revolutionary republic was a stubborn place. But the French Revolution had its wars nonetheless, and so did the Iranian. In both, the revolutionaries mixed passion with cunning politics; they declared the irrelevance of frontiers as they sought to divide their rivals and channel the unbridled enthusiasm of their true believers.

Some in the Iranian leadership were cautious, believing that what mattered most was Iran's own course and welfare. They did not prevail. "We think of ourselves as primarily responsible and bound defenders of Iran, which is our place of birth," Khomeini's first prime minister, Mehdi Bazargan, wrote to him in a celebrated "open letter" in 1986. "Our concern with the world outside our home and homeland and nation is clearly

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secondary."[3] But this was the voice of the "loyal opposition"; Bazargan had been forced out of power less than a year after the revolution's triumph. A different impulse prevailed in the conduct of Iran's affairs.

In part it was the spirit of proselytism that seizes all revolutions—the hubris, the conviction that oppressed people everywhere should partake of revolutionary happiness. In part, the proselytism emerged out of Iran's sense of excellence and superiority vis-à-vis its neighbors. Under the shah, that Iranian sense of excellence and racial pride had expressed itself in snobbery and *hauteur*. In Khomeini's crusade, Iran's sense of supremacy donned a religious guise. In its virtue and rectitude, and in the magnificent isolation of its embattled position, Iran evoked—and Khomeini has insisted on this—the solitude of the Prophet Muhammad's mission. Then, too, the war that Iraqi President Saddam Hussein launched in September 1980 dictated the engagement of disciples—Lebanese, Iraqis, Kuwaitis and others—who would do Iran's bidding, who would assist Iran in frightening the Arab world's status quo.

The initial spectacle of the revolution was not without drama and appeal for Arab onlookers. There were wrongs to be righted and there was the vicarious satisfaction of seeing power and pretension get their comeuppance. But the revolution did not catch on in the conservative states of the Gulf—though these were the lands the Iranians targeted, and these were the lands that the pundits claimed were likely to fall. The forces that had brought about the Iranian Revolution had no equivalent in the less-developed states of the Gulf. There was a greater "fit" between the ruling dynasties of the Gulf and their citizen-populations than there could be in a vast realm like Iran.

The basic themes of the 1978–79 revolution and the patterns of the religious-radical alliance, the partnership of mosque and bazaar, were particular to Iran, a society known both for its long periods of submission to despotism and its recurrent rebellions. These large themes found no echo in the Arab realms nearby. The states of the Gulf were too small, their politics confined to the competition of clan, family and faction. Temperamentally, Iran has been a land susceptible to the power of ideas, to political and philosophical abstraction, to the

[3] This remarkable "open letter" has been circulated, in English, by Maktab Publications, Houston, Texas.

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pamphleteer. It has been called a "hotbed of philosophical systems." The Arab culture nearby, that of the Gulf states, has in contrast always been thoroughly empirical, bearing the imprint of the desert, where men, if they are to survive, must be able to discern between a mirage and the real thing.

The conservative Arab states of the Gulf had known no struggle between the religious class and the regime. Where the shah had sought to decimate the mullahs, the Saudi state, for instance, co-opted them, left them niches in the social order where they were supreme: religious ritual and observance, education, the judiciary. The Saudi realm has rested on a partnership: there has never been any doubt as to the unquestioned monopoly of the dynasty in matters of "high policy," such as defense, oil, finance, foreign affairs. But the religious functionaries have always had their prerogatives—and their compensation. They have been allowed access to the airwaves and to the printed media.

To be sure, religious protest—millenarian, speaking the language of fire and redemption—was heard in the Saudi kingdom in November 1979 when a band of rebels seized the Grand Mosque in Mecca. But the zealots were soon subdued by the armed force of the state, and the official religious class soundly condemned the rebellious band, finding the rebels wanting in adherence to fine points of scripture and tradition.

Because the Iranian Revolution raised the complex question of the foreigner's presence in the life of the region, the "American connection" to the Saudis was loosened a bit. The Saudi state drew closer to Syria. It declared its total opposition to the Camp David accords; it distanced itself from Anwar al-Sadat and his public embrace of America and the American presence; it refused to partake of Alexander Haig's "strategic consensus" scheme, whereby the Reagan Administration proposed a sad replica of the defense pacts of the 1950s. And when the "green light" given by the Administration for Israel's Lebanon war of 1982 became a source of trouble, the Saudis grew even more discreet in their relation to America, and more distant.

The Saudis and the small dynastic states of the Gulf drew the right lessons from the fall of the shah. They avoided the chaos that beset Iran in the 1970s, trimmed down their pretensions, sought ideological cover.

The material for social revolution was missing in the Gulf states: the Khomeini revolution had to settle for something quite different and even parochial, a sectarian appeal to the

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Shia Muslims of the Gulf. These were the potential disciples. The symbols of Shi'ism and the Iranian Revolution—the righteous opposition to power, the martyrdom of the grandson of the Prophet—were their sacred symbols. There were stirrings in 1979–80 among the Shia of Saudi Arabia, Kuwait and Bahrain. In the latter country there was an Iranian-inspired scheme to capture power in 1981—for Bahrain, rather like Iraq, has a Shia majority with no political entitlement or power. But soon, by 1982, the hopes for Shia revolt peaked in the Gulf and were replaced, in what one scholar aptly described as a "passage to terror,"[4] by attacks on the French and American embassies in Kuwait in December 1983, an attempt on the Kuwaiti ruler's life in 1985, and other deeds of sabotage and subversion. Terror, however, is merely a nuisance, not a revolution. And the terror fed a backlash; the Sunni found their own "fundamentalism," stressing the pristine and austere message of orthodox Islam as they saw it. And for them Iran's ways and Iran's Islam were beyond the bounds of orthodoxy. Arab society turned the new revolution into something very old and familiar, something it knew how to handle: the feud of the sect and the clan.

Iran also had schemes for Iraq: were the Iraqi regime to stumble Iran's leaders no doubt intended to put together a Shia republic in Iran's image. But these hopes must have been tempered by sober calculations. Iranian religious leaders knew Iraq's shrine cities and Iraq's social situation. They knew the deep-seated pessimism and quiescence of the Shia of Iraq. Khomeini himself, after more than a decade of exile in Iraq, must have fully understood Iraqi politics. The Iranian revolutionaries had sponsored Iraqi Shia dissidents. But these dissidents could not overturn what historian Bernard Lewis had described as the "Sunni ascendancy" in Iraq.

From its beginnings as a modern state in the 1920s—under the monarchy until 1958, and then under the Baathist regime—Iraq has been ruled by a virtual Sunni monopoly disguised by a thin veneer of Pan-Arabism. This had continued the tradition of Sunni dominion which prevailed during the four centuries of the Ottoman Empire, the dominion of urban Sunni notables over the Shia tribes of the Euphrates and the tribes of Kurdistan. British power, which had put the modern

[4] Joseph Kostiner, "Shia Unrest in the Gulf," in Martin Kramer, ed., *Shi'ism, Resistance, and Revolution*, Boulder, Colo: Westview Press, 1987.

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state of Iraq together in the aftermath of World War I, had shored up Sunni hegemony by relying on the power of urban notables and ex-Ottoman officers and bureaucrats. Saddam Hussein and his generation maintained the same tradition of Sunni rule and Shia acquiescence.

The Shia clerical estate was too weak to mount a challenge to the Iraqi state. The Shia of Iraq had a beloved leader of their own, Ayatollah Muhammad Baqir al-Sadr, a brilliant jurist and pamphleteer, the "Khomeini of Iraq." But he (along with his sister) was put to death by Saddam Hussein shortly before the Iraqi ruler launched his war against Iran. The war put the Shia of Iraq in an impossible situation. During the war, dissent against Saddam Hussein became tantamount to treason and the terror within the Iraqi polity reigned supreme.

It was only at some remove from Iran that the Iranian Revolution found ready adherents and enthusiasts, in the ruined slums of Beirut, the Lebanese lands to the south and the plains of the Bekaa Valley. To these places came a parody of the Iranian Revolution—armed mullahs, pamphleteers, religious processions, "Party of God" cadres, the entire trappings of Khomeini's revolution. There, in the ruined city by the Mediterranean, Iran became a party to the affairs of the Arab world. The activity in Beirut's southern slums and hinterland provided Iran with evidence that its revolution was on the march and, more important, with an opportunity for Western hostages to be held and traded on Iran's behalf while Iran's official innocence was maintained.

In Lebanon Iran found a real opportunity: the grievances of the Shia who had been the dregs of the country but had awakened to a sense of their own power; the absence of any state authority that could check Iran's influence, and something of an Iranian alliance with Syria, which gave the revolution access to Lebanon. And Iran had going for it the age-old ways of Lebanon's warring sects: their search for foreign patrons in pursuit of their own sectarian aims.

But the "sister republic" in Shia Lebanon proved an expensive endeavor that had to be subsidized with scarce treasure. At the height of its entanglement in Lebanon's politics the Iranian revolutionary regime was paying its wards an estimated annual subsidy of $100 million. Everything in Lebanon's politics always led to, and merged with, commerce. Iran began to pull back in Lebanon. The subsidy paid the Party of God lieutenants and cadres has now been reduced to a bare mini-

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mum. The Party of God is "going Lebanese, going local," as one astute observer put it. Utopia came to the shores of the Mediterranean from the east and then vanished, as it was bound to. There can be no "Islamic Republic" in the ruins of Lebanon.

An old game is played in Lebanon today, the only one that place knows: the sectarian game. And the Syrians who only yesterday, in 1983–84, were on the side of Iran in a campaign to drive America out of Lebanon have cast their lot, at least for the moment, with the Americans. Their hope is that a Syrian-American entente will bring a measure of peace to the country and shore up the Syrian position there, making it less exposed and costly. Under the terms of this Syrian-American understanding it is the American mission to deliver the Maronite Christians, to reconcile them to Syrian primacy in Lebanon. None of this has much to do with the politics of virtue and zeal.

In retrospect, it is easy to see that the Iranian revolutionaries overestimated the centrality of their realm to the wider world of Islam. There was a time, in the high Middle Ages, when Persian civilization and language served as the elite culture of the Muslim world from Indonesia to Morocco. But in the modern world this is no longer the case. For all the sound and fury of a revolution that asserted its relevance to others, its right to guide them, Iran remains a solitary society with a strong and unique national and cultural tradition. Shi'ism, which the Iranian state adopted in the sixteenth century, is one factor in this isolation, and the country's unique cultural traditions have compounded this sense of separateness.

The Iranian revolutionaries did not really know the Arab society they sought to change. After a long fight with the shah they had had their revolt; they came to show the path to redemption and deliverance. But in the Fertile Crescent and in Egypt men had already experienced their moments of elation, their outbursts which passed for revolutions—the politics of the Baath and Nasserism—and they had seen these detours end in defeat or futility or sterile dictatorship. It was a cynical, weary region that the Iranians set out to transform.

In the early 1980s the belief spread that key Muslim and Arab states would fall to a fundamentalist upheaval. The panic was exaggerated. True enough, Islamic protest erupted in several Muslim societies and settings—Egypt, Syria, among the Shia of Lebanon, Iraq and the Gulf, in semi-Westernized

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Tunisia, even farther afield in Indonesia and Malaysia. That protest conveyed the distress of critical segments of these societies; the young, the newly urbanized, those left out of the economic boom of an era of oil wealth, educated young men and women who took the scripture seriously. Wherever that protest appeared observers tended to see an Iran in the making. But the non-Iranian states withstood the assault of their zealous challengers and the "demonstration effect" of the Iranian Revolution.

In some countries (Saudi Arabia and the smaller states of the Gulf) the ruling classes commanded wealth which they used to conciliate the frustrated. In others (Syria, Iraq) the regimes resorted to outright cruelty to turn aside the challenge—from Sunni fundamentalist groups in Syria, from Shia groups in Iraq. In Egypt the state rode out the storm: its captain, Sadat, fell before a young band of Muslim believers, but the "pharaonic state" and its pillar, the armed forces, survived and put a more cautious successor at the helm. In Lebanon, where the protest was sectarian, Islamic protest meant the rise of the local Shia out of fear and acquiescence. But in Lebanon there was no state to conquer, and the movement only resulted in another of Lebanon's tribes asserting its claim to a share of the ruined country.

III

The Pan-Islamic millennium did not materialize. The onset of the promised golden age was tied to the fortunes of the Iranian state and its success on the battlefield. Had Khomeini's armies succeeded in overrunning Iraq, the Iranians would have altered the political balance in the region around them. But success proved elusive.

Khomeini, that presumably most Shia of men, had stripped Iranian Shi'ism of its quietism and suspicion of political power. He had founded a state, *Vilayat-e Faqih*, "the State of the Jurist." But in due time believers elsewhere, beholding the Iranian model, were chastened. The regime's terror against dissidents tarnished the image of the revolution among its more "liberal" enthusiasts. The excessive puritanism of the revolution and the repressiveness of its social code concerning relations between men and women, cultural expression and individual freedom deepened the disillusionment.

Muslim "modernists" had had a fantasy: Islam would do the hard work—overthrow stubborn regimes, combat the power

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of the foreigner—then religion and its representatives and claimants would step aside and leave those who really knew the world to rule. The Khomeini regime, the state that he built, shattered that illusion. The millennium has been brought down to earth, but there is no Pan-Islamic order—it is the Iranian state that the revolutionaries command. In early 1988 Khomeini issued a remarkable ruling: "Our government," he pronounced, "has priority over all other Islamic tenets, even over prayer, fasting and the pilgrimage to Mecca."[5] Politics is clearly in command in Iran, and it is a formidable state that the revolutionaries have put together.

The irony has been noted by students of revolution: revolutionaries set out to destroy states, then capture them and build more formidable governments on the ruins of the *ancien régime*.[6] For all the swagger and arrogance of the shah, his turbaned successor has been presiding over a far sturdier state. The theocratic republic has closed the paralyzing gap between state and society that previously had been the hallmark of Persian political life. It took precious little effort in 1953 to overthrow the government of Mohammad Mosaddeq; can anyone conceive of what it would take to overthrow this populist theocracy? We have a good measure of the growth of the new Iranian state, of the widening of the base of its power: the number of Iranians on the public payroll has gone from 1.2 million employees before the revolution to a little over two million at the present time. Larger numbers of Iranians have been drawn into the political life of the country and the populist state has assumed responsibility for them.

There is no need for guesswork about "radicals" and "moderates" in the ranks of the Iranian political class and the clerical estate. The country's protean leadership makes a mockery of these false categories. What is easier to examine is the overall basis of the state and its political economy.

The leaders of the revolution originally talked of establishing an "Islamic economy." Treatises were written detailing what an Islamic economy would and would not be—after all, this was a textual crowd that believed in the word and the doctrine. Revolutionary theoreticians announced that an Islamic economy would be neither capitalist nor communist. But this was

[5] *The New York Times*, Jan. 8, 1988.

[6] Said Amir Arjomand's *The Turban for the Crown* (New York: Oxford University Press, 1988) makes this point about the case of the Iranian Revolution and revolutions in general.

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verbiage—the Iranian state has not pioneered a way out of the dilemma of developing states; it remains caught between populist pressures from below and powerful interests in the private sector. So far the oracle of the revolution has remained an arbiter of last resort, a broker between those in the political class urging a command economy, a populist state and a welfare economy, and those who have known only one type of society—an unregulated economy where wealth has its way.

Khomeini's rulings have been reflective of the ambiguity of the revolution itself on matters of equity. Native capitalists and the urban poor were both active in the revolution, and the revolutionary state has sought to conciliate both these groups. It is this schizophrenia, if you will, that explains some of Khomeini's rulings: in January 1988 he sided with the planners on matters of labor laws and employer-employee relations; then in August he threw his weight the other way by advocating giving a greater role in foreign trade for the private sector. Iran's governmental bureaucracy, as well as a clique within the leadership that has come to see itself as an expression and trustee of the underclass, have clashed and will continue to clash with the ancient traditions of a trading nation, a society where private property has strong cultural and religious foundations.

The talk of a "second revolution"—an anticapitalist economic revolution—among a portion of the clerical elite and the state bureaucracy is symptomatic of a certain political and ideological stalemate. For that kind of stalemate, "Islam" provides no answer; it speaks both ways. It is conceivable, the orientalist Maxime Rodinson once observed, that Islam could "give religious blessings to a society without privilege, if such a society is possible." But the same Islamic principles, he warned, "have up to now most often served to justify societies based upon privilege."[7] There is scripture—and mullahs quoting scripture—supporting both sides in this ideological debate. The argument of economic conservatives that a graduated income tax is at odds with the teachings of Islam gives a sense of the difficulty of putting a command economy, and a thoroughly radical state, in place. The current Iranian *Majlis*, the parliament (elected in the spring of 1988), is tilted toward those favoring greater state intervention in the economy and more

[7] Maxime Rodinson, *Islam and Capitalism*, Austin: University of Texas Press, 1978, pp. 183–184.

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radical egalitarian measures. But the powerful Council of Guardians, charged with confirming an Islamic base for the laws of the land, has generally been on the opposite side of the ideological divide.

As matters stand there is a two-tier economy that muddles through—with subsidies for the poor and laissez-faire for the privileged. (Egypt and many other Third World states also have economies of this kind.) And the command economy favored by economic radicals will be harder to defend in light of an important change that has taken place in the sources of governmental revenues. The state has become more dependent on taxes for its revenues as its oil royalties have declined. This is no longer a "rentier state" living principally off foreign rents and oil income, nor an imperious treasury that can dispose of economic matters without considering the interests of taxpayers.

The proponents of an Islamic economy may insist on the primacy of the public sector, but the outcome of such systems is by now familiar: the public sector will be "raided" by skillful private entrepreneurs who feed off state enterprises, and it will be circumvented by black marketeers who fill the shortages left by the official economy. The revolutionaries have added a welfare burden to the Iranian state; this they will defend, and this explains the rise since the revolution of consumption as a percentage of national expenditures. But there is no "bolshevik" system at work in Iran.

IV

More interesting still, the foreign links of the revolution's political economy belie the image of a Spartan republic combating the "devourers of the world." As shown by a careful assessment of the Iranian economy by analyst Sohbrab Behdad, the revolution's boasts of self-sufficiency have been misleading.[8] The import dependence of the Iranian economy has not been reduced in the post-revolutionary period. The access of Americans to the Iranian market was severely curtailed, but the slack was picked up by West Germany, Italy, Japan, Turkey and others.

Despite widespread impressions to the contrary, this has not

[8] Sohbrab Behdad, "Foreign Exchange Gap, Structural Constraints, and the Political Economy of Exchange Rate Determination in Iran," *International Journal of Middle East Studies*, February 1988, pp. 1–21.

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been a revolution that has had to fight for its life against a foreign blockade. And already the revolutionaries have begun to prepare the ground for a more visible Western presence. "We must make use of the knowledge and expertise and resources of the foreigner," Iranian President Sayed Ali Khamenei declared in a recent sermon. "The enemy foreigner will break his ankle if he wants to come here. But the one who is a friend, the one we choose to be the right foreigner, well, let him come and work here." Even the "radical" prime minister, Hossein Musavi-Khamenei, a man counted among those who support a centrally planned economy, plows the same ground. There could be foreign expertise and foreign help, he has stated, as long as that expertise is in "production-oriented schemes." He has even conceded there could be foreign loans, providing they are "tied to specific projects."[9]

There would be real political consequences to foreign borrowing, and to greater entanglement in the international economy. As Behdad writes, "Foreign borrowing will necessitate a substantial toning down of the belligerent foreign policy position of [Iran] as well as some guarantee of progress toward a free market condition in the internal economy."[10] There is no easy escape from the net. The marching orders given the cabinet by the *Majlis* draw a line on foreign debts. But in a time of reduced oil income, economic facts will have a power of their own. The Iranians have emerged solvent after a decade of war and revolution, but reconstruction will test their abstinence as it was not tested during the years of scarcity and war.

Iran's trading partners, the industrial democracies, will play a major role in the reconstruction. But presumably Iran's present leaders, learning from recent history, will do a better job monitoring this involvement than the *ancien régime* did. Last time around, in the mid-1970s, the floodgates were thrown wide open. Iran was swamped and had to be rescued by men claiming Islamic authenticity and national culture as their banner and rallying cry. One extreme—the infatuation of the *ancien régime* with people and things Western—led to another: the revolt of the underclass, the reaction of the traditionalists. There is no assurance that the political class now at the helm can find the middle ground between these two extremes. But so far they have shown enough flexibility and

[9] *Middle East Economic Digest*, Sept. 16, 1988, pp. 4–5.
[10] Behdad, *op. cit.*

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enough shrewdness to suggest that they may be able to pull it off.

The image of a Spartan republic the revolutionary class put before the world—the hard, stern face, the granite-like orthodoxy—is part real, part a pose. This will continue. The Friday sermons will continue to preach the need for vigilance, for virtue. The clerical magistrates will still be in evidence. No one is going to make the vast clerical estate feel shabby or unwanted in its realm; the clerical estate is large, powerful and rooted enough to maintain its position.

But the ways of men and women being what they are, detours and end runs around the prohibitions and pretensions of the reign of virtue will be found. Vigilante groups and enforcers of morality will continue to operate; the media will still instruct the faithful in the proper ways of righteousness. But recent travelers tell us that the vigilantes can be conned and avoided, that there is good locally made moonshine and plenty of cocaine available. The official media drone on about religion, but there are enough VCRs around to relieve the monotony.

A wide chasm has opened between what men and women profess and what they do. This is something Muslim society is good at; that is one reason for the high walls of its private homes. Religion can be routinized, stripped of its zeal. "Saints" launch revolutions; worldly men inherit them. Clerics will rule the Iranian polity—this was the verdict of the revolution, this was the outcome of a political process that stripped the civil culture of any sense of its own worth and efficacy. But with clerical rule came its nemesis and its shadow: long-standing traditions of Iranian anticlericalism. Laymen know that mullahs hoard and scheme, and this sobers the believers. Ascetic work, "martyrdom" and vigilance have their place in a people's history, but they cannot provide a steady and unrelieved diet.

In his reinterpretation of the past, Ayatollah Khomeini made of Imam Hussein—the grandson of the Prophet whose lonely death in a seventh-century battle in southern Iraq is a centerpiece of Shia belief—a willing victim who rode to a sure death. In this manner, the hero-martyr of Shia history was turned into a prototype of the "suicide driver." It was after Karbala, the site of Hussein's last stand, that the desperate offensives against Iraq were named. But Khomeini's overly political and unyielding interpretation of this Shia legacy has been challenged by other Iranian jurists and lay philosophers. It has been pointed out to the stern ruler that Hussein did not ride

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to the plains of Karbala to court death: Karbala was not even Hussein's destination. It was where he was trapped while on his way to a worldly city, the city of Kufa in Iraq, whose emissaries had asked him to come and lead their city in its political struggle against Damascus, another center of Muslim power. Hussein was a political man, who lost an uneven battle, not a willing martyr. Khomeini has cast aside the historical restraint of Shi'ism, its subtlety. By doing so, he has put that tradition at great risk. His successors will have to rediscover the balance in Shi'ism between the millenarian tendency and the shrewd realization that the world yields less than total perfection and vigilance.

They will be lesser men, the ayatollah's successors; they will have reduced power to demand obedience and sacrifice from the people. The bond forged between an imam, a savior, and his followers is the product of a very special historical situation. Khomeini's successors will not have this special claim to an imamate and the sanctity that comes with it.

Moreover, Iran has no tradition of an orderly succession to power. But Khomeini and his lieutenants have put in place a working, collective system of power. The death of the ayatollah, it is true, will remove from the scene the authority of the final arbiter, the man in whose name binding decisions are made and conflicts are resolved. But the structure will hold. The clerical estate surely understands the consequences to its members of an all-out struggle over the succession, and it will seek to avoid one. The political inheritance of the ayatollah may be divided after he passes from the scene along lines that have evolved over the last couple of years. The speaker of the *Majlis*, Hashemi Ali Akbar Rafsanjani, would be a preeminent political heir. The role of *faqih*, or jurist, could remain that of the designated successor, Ayatollah Hussein Ali Montazeri. Thus might this most theocratic of regimes acknowledge a split of sorts between the political ways of the state and the religious realm where jurists pronounce on the permissible and the impermissible. The arrangement would clearly favor Rafsanjani; it would also acknowledge that Khomeini's primacy was unique and that henceforth authority must rest in the institutions of the theocracy that he put in place.

We should not be fixated on individual players in looking at the issue of succession in this constitutional theocracy. In 1981 the militant opposition *Mujaheddin-e Khalq* (People's Warriors) launched a campaign of assassination against the theocratic

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rulers. Before it was snuffed out, the campaign had claimed the lives of the secretary general of the ruling Islamic Republican Party, Ayatollah Mohammad Hossein Beheshti (then Khomeini's principal lieutenant), the president of the republic, the prime minister, several of the chief ideologues and operatives of the IRP, and scores of other key players in the theocratic state. But the system survived. The elaborate structure of Iran's constitutional theocracy—comprising the *Majlis*, the Council of Guardians, its mix of ministries and revolutionary institutions, and its large cadres of clerics and bureaucrats—has seen the polity through terrible times. And it is this structure which will survive the demise of its dominant leader.

V

"Our guys . . . got taken to the cleaners." The words are those of U.S. Secretary of State George Shultz summing up the dealings of the Iran-contra affair. No starry-eyed idealists, the custodians of power in the Islamic republic. They fought the "Great Satan" and dealt with it behind closed doors; they declared that the road to Jerusalem passed through Baghdad and obtained weapons from Israel; they proclaimed their adherence to the Pan-Islamic ideal and made common cause with a Syrian regime noted for its brutal opposition to Islamic movements; they resorted to terror against American and French targets, then called off the terror when weapons were provided them and outstanding debts repaid. Their republic was alternately the "redeemer nation" conducting a holy war against the wicked and, then, a very cool and traditional player of the game. The "infidels" were expelled; but later the "friendly foreigners" returned—the Canadians, the French, the British, many others. Even the Kuwaitis who invited a vast American armada to the waters of the Persian Gulf in 1987 are back in their embassy in Tehran.

The return of the Americans will, of course, be a more tangled matter. In an interview in September 1988 Prime Minister Musavi-Khamenei said that the restoration of Iranian-American relations is not in the cards, "not even in the next ten years."[11] But there are grounds for skepticism about the prime minister's prognosis. The clerical regime possesses the latitude to restore official ties with America. This could be

[11] *Middle East Economic Digest*, Sept. 16, 1988, p. 5.

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done by Ayatollah Khomeini himself; the authority of the man who led so great a revolt against America and the West could easily sanction a revived relationship with a more "humble" America. It was Khomeini himself, it should be recalled, who gave his blessing to the traffic with America during the Iran-contra affair and who placed the matter, when it was exposed, beyond discussion. Or the return of the Americans—a modest return, nothing comparable to the power and visibility of the American presence under the shah—could take place, after a decent interval, under Khomeini's successors. The imperial power onto which Iranians had grafted a web of neurotic attitudes—the attachment to a foreign redeemer, the fear of foreign devils who seduced and spoiled the realm—has been cut down to size. A regime sure of itself and its "authenticity" could present the return of the superpower from afar as an act of contrition on the part of that power.

What of the other superpower, the one nearby? While the tribunes of the Iranian Revolution have been passionate about American matters they have had relatively little to say about the Soviet Union. All along, the custodians of the revolution have given every indication that their society possessed the wherewithal to keep Russia at bay; what has worried them has been their vulnerability (cultural and ideological) to the superpower from afar. No special opening, though, has been provided the Soviet Union by the Iranian Revolution's anti-American obsession. The Russians had entertained early hopes "for nourishing a pro-Soviet Iranian foreign policy," Professor Galia Golan observed in a recent essay in this journal.[12] But these hopes came to naught. And by early 1982 the Soviets had cast their lot with the Iraqis.

For their part the Iranian theocrats exacted their revenge against the pro-Soviet Tudeh Party. Early in the revolution, the Tudeh had supplicated itself to the fundamentalists. It had joined them in their campaign against the liberal wing of the revolution and in the terror they unleashed against the fundamentalists' major challengers, the *Mujaheddin*. But the Tudeh Party was not spared, and in 1983 it was banned.

The clerics were bent on monopolizing power, and the Soviets understood that the theocratic revolution had arrived to stay. That is why the Soviets kept their heads in dealings with Iran even as they armed the Iraqis. The small Iranian

[12] "Gorbachev's Middle East Strategy," *Foreign Affairs*, Fall 1987, pp. 41–57.

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provocations—an attack by Revolutionary Guards against a Soviet freighter in May 1987, a mine explosion that damaged a Soviet vessel not long afterwards—were overlooked.

Buffs of the "Great Game" may still conjure up the image of Russia overrunning the Persian realms, setting up puppet republics, picking up the fragments of an Iran torn asunder by ethnic rivalries. But this specter is one of the past. Burned in its venture into Afghanistan, the Soviet Union is unlikely to tackle the republic of the theocrats. This is not what Mikhail Gorbachev has in mind for his regime. The Iranian Revolution has presented no particular threat to Soviet interests. There have been speculations that Iran's ideological message could spread to Muslims in the Soviet Central Asian republics, but this, too, has been exaggerated. We have romanticized the matter of Islam in the Soviet Union; it has ceased to be a living force in the Soviet realms. The last decade has produced no Muslim stirrings in the Soviet republics. It is a manageable relation, then, that obtains between Iran and its northern neighbor. The guardians of the clerical state are faithful inheritors of a time-honored Persian tradition—the search for internal and external ways of maintaining the integrity of their realm against Russian designs, and Russian power.

In the Gulf, Iran's immediate habitat, the return to patterns of the past may be easier than the ideological war of the last decade would lead us to expect. The rulers of the Gulf states fully understand that the weight of the Iranian state cannot be ignored. Political scientist R. K. Ramazani has made the right call on this issue: "The Iranian claim to primacy is nothing new to the rulers of the Gulf states. They lived with it during the shah's days and they can live with it now."[13] What was troubling to these states was Iran's ideological crusade, the principle of revolutionary intervention. Without these revolutionary principles being forcefully spread, primacy of the more traditional sort is easy to cope with.

The conservative states of the Gulf were never of one mind about the Iranian Revolution to begin with. Even at the height of the war between Iran and Iraq, and the overall ideological struggle between Iran and the status quo states around it, there was a split of sorts among the six members of the Gulf Cooperation Council. Three of these countries—Saudi Arabia, Kuwait and Bahrain—generally took a harder line against the

[13] *Revolutionary Iran*, Baltimore: The Johns Hopkins University Press, 1986, p. 140.

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Iranian Revolution; the three more southerly states of the Gulf—Oman, the United Arab Emirates and Qatar—were more conciliatory toward the Iranian regime. Throughout the war, dhows from Dubai, one of the United Arab Emirates, plied the waters of the Gulf, doing business with the Iranians as merchant vessels had done for centuries. And Iranians lucky enough to have access to foreign currency turned Dubai into a thriving entrepôt.

The Arab lands of the Gulf are no undifferentiated coalition of conservative states. The domestic structure of each of the Gulf states determined its response to the turmoil of the revolution and the Iran-Iraq war. Kuwait, which committed vast resources in Iraq's support and eventually threw caution to the wind and invited the Americans into the Gulf to reflag its vessels, was driven by its desire to keep Iraqi aggression directed away from itself, and by the depth of the sectarian antagonism between its Sunni and Shia citizens. Bahrain responded with similar zeal: with a decided Shia majority and a renewed Iranian claim to sovereignty over the island, what else was Bahrain expected to do? Saudi Arabia, in a league by itself, was committed to an ideological quarantine of the Iranian Revolution: between these two states lay a struggle over Islam itself, over such basic Islamic tenets as the pilgrimage to Mecca. For the Saudis the pilgrimage was a "pillar of the faith," a religious observance and a confirmation of their place in Islam as guardians of its holiest places. For the Iranian revolutionaries the pilgrimage, like so much of Islam, became thoroughly political. Inevitably, the Saudis were drawn into the Gulf war on Iraq's side. But even then the Saudis hedged their bets, as they always do, and probed for an accommodation with Iran.

Shrewd men, the rulers of the Gulf knew the Iraqi state and the man at its helm. They knew that he would claim the conflict as his war when it was going his way, as it did for its first two years or so. And they were not surprised when Saddam Hussein presented the war as an "Arab war" after the tide turned in Iran's favor. They were sure that, were the Iraqi state to emerge intact from the war, they would have a bully on their hands again. Saddam Hussein fought a war which the conservative states of the Gulf could not fight: but he was not of them and his regime was of an entirely different ilk than theirs. Kuwait paid Iraq what it had to pay to ward off troubles: but the chiefs of the Kuwaiti principality know their history and their Iraqi neighbor. Twice within the last three decades, Iraqis

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attacked Kuwait (in June 1961 and March 1973). Two of Kuwait's islands, Warbah and Bubiyan, have been claimed by Iraq. The subsidy given Iraq's war effort was part extortion, part conviction.

From the vantage point of the Gulf states, the war between Iran and Iraq was a war between a revolutionary state and a revisionist power. Now the Iranian Revolution has acknowledged its limits. But the revisionist power lucky enough to have escaped defeat—shored up along the way by Arab oil wealth, American intelligence, virtually unlimited access to French and Soviet weapons, and a publicity campaign presenting it to the world as a dike against the forces of darkness—is strutting around the Gulf. This gives Iran space to work with. In its very "Persian-ness," its linguistic and cultural difference from the Gulf Arab states, Iran is a reassuring counter to an Iraqi regime destined to fall back on the only ideological prop it knows: militant Arab nationalism.

The dynastic states of the Gulf dread that kind of ideology, and the extortion and hegemonism that come with it. Their hope is that the heavily indebted Iraqi state—owing $70 billion by most estimates—will maintain some of the moderation it discovered during those desperate years when it fought for its survival. And just to keep the Iraqis honest, the diplomatic and commercial bridges linking the Gulf states to Iran will be repaired. "We want to forget the past," said a Kuwaiti minister, in a commentary on the return of Kuwaiti diplomats to their embassy in Tehran, which was ransacked by rioters in 1987. That dreaded past was of course the revolutionary era. A return to the ways of a more distant past, when Gulf politics made sense and Arabs and Iranians bargained together, is what the players in Kuwait and the other dynastic states have in mind.

VI

The Iranian Revolution was born of excess: the shah's excess, the madness of an era of wealth and plunder, the undue pretensions of powerful Iranians assuming Western airs, and the great wrath of those watching their world become increasingly difficult to comprehend. The confusion threw up a messiah: Ayatollah Khomeini. His successors approach the stage as fatigue has set in both in Iran and in the states around it. The editors of *The Economist* are right in their judgment that "a revolutionary country that has just failed to win a revolutionary

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war is an unpredictable place."[14] There must surely be plenty of kick left in the beast—accounts remain to be settled by a nation which was so recently engaged in a war, with its sacrifices, sermons and exhortations. But it is a cynical and weary state that Khomeini's lieutenants will inherit.

On one occasion after his capture of power Ayatollah Khomeini observed that economics was no concern of his: his revolution, he said, was about Islam, not about the price of melons. But, ironically, a reawakening to mundane reality is where Iran's impossible revolution ends. Such is the cold fate of all revolutions and utopias. But for Iran's clerical rulers there is one consolation in this sobering descent: on the very borders of Iran, in the sprawling empire to the north, another revolution is even now discarding its own metaphysics and taking up the price of melons.

[14] July 23, 1988, p. 11.

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Teddy Kollek

SHARING UNITED JERUSALEM

The world's perception of the Arab-Israeli conflict and, indeed, much of its substance have been significantly altered by recent events in the West Bank, the Gaza Strip and Jerusalem. Eleven months of unrest and King Hussein's severing of the links between Jordan and the West Bank, have created a new and fluid situation. These events are focusing the world's attention on the need for new policies after twenty years of waiting in vain for Arab governments or Palestinian representatives to come to the peace table.

Thinking about new policies for Israel's relations with the Arab states and with the Palestinians should start with Jerusalem. On one hand, there is wide agreement that Jerusalem must be the last item on the agenda of any negotiations, because whatever is decided to be the fate of the West Bank will affect arrangements in Jerusalem. On the other hand, Jerusalem's importance is such that no negotiations can even begin as long as any one of the parties is persuaded that there is no possible reconciliation of the various interests concerning Jerusalem. After 21 years of administering Jerusalem as one city, we know that all communities, but in particular the Arab one, need a much larger measure of self-administration, autonomy or functional sovereignty. The municipality needs much more of the authority now vested in the government of Israel so that it can share this local authority with the communities and the neighborhoods. Our law on local governments is essentially the one we inherited from the British: introduced in Mandatory Palestine in the 1930s, it is based on the nineteenth-century municipal code of British India, designed to grant a minimum of authority to the "natives" and a maximum to the central government.

Changes are long overdue. They could and should be implemented independently of political developments elsewhere, and without waiting to see what will be the future of the West Bank and Gaza. The future of Jerusalem is to remain united

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Teddy Kollek has been Mayor of Jerusalem since 1965. Copyright © 1988 by Teddy Kollek.

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and the capital of Israel, under the overall sovereignty of Israel. There is, however, room for functional division of authority, for internal autonomy of each community and for functional sovereignty. This would go a long way toward showing that a Jerusalem united and shared is not an obstacle to negotiations; on the contrary, it would be a significant contribution to the creation of a climate conducive to constructive bargaining.

II

Arab neighborhoods in East Jerusalem are no longer part of the West Bank. This situation has come about for several reasons, including the incorporation of East Jerusalem within Israel in 1967 and the 89,000 Jews living in new neighborhoods beyond the former armistice line. The main reason, however, is that the past twenty years have seen more change for the better for more people than did the previous two thousand years. These changes include some things that are commonplace in developed countries but less so in the Middle East: running water, sewers, public health services, low infant mortality, schooling for girls, voting rights for all adults, the right to join a trade union, religious freedom for all, a free press, excavation and preservation of archaeological sites and restoration and care of historic monuments. The world has recognized this in the last few years: even the automatic majority of the United Nations Educational Scientific and Cultural Organization (UNESCO) has toned down its routine condemnations of our efforts to preserve Jerusalem. These are but beginnings; much remains to be done.

Jerusalem's Arab community has made great progress. The most important and obvious indicator is its size: from an unchanging 70,000 between 1948 and 1967, it reached 132,000 in 1986 and is about 150,000 today, all but 15,000 of whom are Muslim. The corresponding Jewish population figures are: 100,000 in 1948, 200,000 in 1967, 336,000 in 1986 and about 350,000 today. Of course, a minority always feels it is the target of discrimination; the 90,000 ultra-Orthodox Jews in Jerusalem feel that way, too—as do the ultra-secular Jews. And Arabs naturally compare their conditions today with the prosperous new Jewish neighborhoods rather than with their own situation before 1967.

How different East Jerusalem is from the West Bank can be seen in the nature of the recent unrest, the *intifadeh*. One Arab youth killed, one policeman grievously injured, one young

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Jewish woman badly burned—these are the casualties recorded in Jerusalem during the months since December 1987 in which the *intifadeh* leadership has tried to import the uprising into Jerusalem. Only in the dozen villages that were incorporated into the Jerusalem municipality after 1967 did the movement receive a significant measure of support. In these villages a different kind of Arabic is spoken; education levels are lower; occupations are rural in character; the inhabitants are poorer; and Islamic fundamentalism is stronger; moreover, Jewish and Arab homes are often next to one another, without clear communal boundaries. It is the names of these villages that most often appear in the news when children and youths burn tires and throw rocks—A-Tur, Issawiya, Sur Baher, Shuafat, Beit Hanina, Silwan, Djebel Mukabber—although, at times, youths from these villages take their protest briefly into downtown East Jerusalem.

Another essential difference between Jerusalem and the West Bank is that the latter is administered by a special Israeli administration under the much harsher Jordanian civil law and under Israeli emergency regulations, inherited from the British; law and order is enforced there by the army under the supervision of military tribunals. All of Jerusalem is under the quite different Israeli law, administered by Israeli courts and enforced by the police. This means that the Arabs of Jerusalem are treated or have the right to be treated just like the Jews and all other citizens and residents of Israel.

Obviously, the same legislation and the same government and municipal regulations apply to Arabs and Jews alike; the judicial system's lack of any discrimination is manifest and recognized by the Arabs. It is in government administration and law enforcement on the lower levels that equal treatment often lags behind the letter of the law. In any multi-ethnic city a minority always has to struggle for equal treatment from the city administration, even when there is no war and terrorism involved. In Jerusalem, the municipality is on the side of all minorities, and is handling cases of discrimination and harassment brought to its attention. It is not a question of equal rights but a question of good will and a question of time—and the Arabs and the other minorities know it, even if they sometimes suffer unjustly and impatiently.

III

A major and ever-present Arab concern, long antedating the *intifadeh*, is the suspicion that the basic intention of the Israeli

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government is to obliterate the Arab component in the city's character. While one can understand why the Arabs would feel this way, the facts are very different. We have been protecting the Arab aspect of Jerusalem and transferring attributes of functional sovereignty to the Arabs ever since reunification.

After the 1967 war, initiated by Jordan's full-scale attack against the Jewish quarters of Jerusalem, we gave the Arab inhabitants the choice between accepting Israeli citizenship (few opted for this choice) or retaining their Jordanian citizenship—which had been imposed on them by Jordan during its 19-year occupation of the eastern parts of the city.

This would be inconceivable anywhere else in the modern world. Whenever a city or a territory changes hands, the general rule is to bestow the new sovereign's citizenship upon the population, or to forcibly expel or, at best, exchange it. The inhabitants of Alsace-Lorraine were subject to this treatment more than once, and this century knows many examples of such exchanges and expulsions. The very first step is usually to force upon the inhabitants who remain an oath of allegiance to the new sovereign, as well as his citizenship, language and history books. We, instead, let those who so chose retain their Jordanian citizenship—and at the same time gave them the right to vote in Jerusalem municipal elections.

We in City Hall eventually succeeded in persuading our national government to introduce the Jordanian curriculum in the publicly funded city schools in the Arab neighborhoods. Thus, Arab graduates of our school system have access to universities all over the Arab world and qualify for Arab League scholarships. The Ministry of Education in Amman determined the curriculum, and we only removed blatant anti-Israeli and anti-Jewish bias from Jordanian and United Nations Relief and Works Agency textbooks.[1]

The Arab press is another enhancement of the Arab character of East Jerusalem and contribution to the autonomy of the Arab community. Since all of Jerusalem is part of Israel, Israeli law applies and both the Arab and the Jewish press are free, subject to military censorship. Though there are justified complaints that censorship is harsher on the Arab press, the fact is that there is no freer Arab press in the Middle East—and it must be remembered that no newspapers were published in East Jerusalem at the time of reunification in 1967. Today,

[1] This will probably not change in the wake of King Hussein's severance of links with Palestinians west of the Jordan.

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four Arab dailies and a number of weeklies are published. It is true that from time to time an Arab paper runs into trouble; but on the other hand, a new addition to the Arab press, the weekly *an-Nahar*, became a daily quite recently.

The most important symbols and possessions of the Muslim Arab community of Jerusalem are the two mosques on the Temple Mount, the Dome of the Rock and al-Aqsa Mosque.[2] Immediately after the 1967 war Israel's military and political leaders assured Muslim and Christian dignitaries that all their rights would be respected as in the past.[3] These promises have been kept, even though difficulties occasionally have arisen regarding the Temple Mount. Some nationalist Jewish groups in Israel, defying the government and the Supreme Court, claim the right to pray on the Temple Mount, stirring Muslim fears.[4] The Temple Mount's sanctity in Judaism may be one reason for the Muslims' suspicions and apprehension of Jewish encroachment and expropriation: as they cannot envision allowing "infidels," either Jews or Christians, to hold a Muslim holy place, they have no trust in Israel's accommodating attitude.

Jerusalem's Arabs will obviously continue to have strong links with the West Bank and with the rest of the Arab world. We see these links as an important factor for the maintenance of an autonomous Arab culture in Jerusalem. Each summer, over 100,000 Palestinians come freely to the West Bank and to Jerusalem from Arab countries which are at war with us, such as Jordan, Iraq, Saudi Arabia. These are mostly first-, second- and third-generation Palestinian emigres who return on family visits.

To sum up: the Arab presence in Jerusalem has been not harmed but strengthened since 1967. Evidence for this, to-

[2] Unlike the cities of Mecca and Medina, where no non-Muslim is allowed—even today—under penalty of death, not all of Jerusalem is sacred in Islam, only the mosques on the Temple Mount.

[3] Moshe Dayan, then minister of defense, had already started this process by ordering the removal of the Israeli flag from the minaret of the al-Aqsa Mosque one day after the fighting stopped in the Old City. He was also the moving spirit behind the immediate removal of the anti-sniper walls and the mine fields, and he convinced the government to allow unrestricted traffic throughout the city within a fortnight.

[4] Access, except during times of Muslim prayers, is of course free to all religions and nationalities, as it is to the Jewish and Christian holy places. Large numbers of tourists still visit the Temple Mount uninfluenced by the *intifadeh*, and the entrance fees for the two mosques contribute substantially to their upkeep. During the 19 years of Jordanian rule, no Jews of any nationality were allowed into the Old City; Muslims with Israeli citizenship were not allowed to visit the holy places, and Christians with Israeli citizenship were allowed to visit only Bethlehem and only on Christmas.

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gether with the thriving Arab press and the restoration of Islamic historical monuments, includes the numerous educational and cultural institutions forming the Islamic University of Jerusalem; the Islamic college and library at al-Aqsa Mosque; the theological seminary in Beit Hanina; the school of social work in downtown East Jerusalem; the school of nursing in al-Bireh; and the college of science in Abu Dis.

IV

All this is as it should be in Jerusalem. The accent has traditionally been on the self-segregation of independent, organic and historical communities, each with its religion, language, literature, history, dress and food. This is why for centuries the Old City has been divided into four separate quarters: Christian, Armenian, Jewish and Muslim. For centuries these communities lived in greater or lesser harmony with each other.

The notion of "separate but equal" education was justly discredited in the United States because it was not equal and because the separation was imposed by the majority. The voluntary "separate and equal" tradition of the Old City spread out beyond the walls in the late nineteenth and early twentieth century. Today, among the Jewish population, we see clear signs of change: hailing from 103 diasporas, so vastly different, the Jews are gradually but steadily forming one cohesive, distinct national group. Even so, almost a third of the Jewish population lives in strictly separate ultra-Orthodox neighborhoods. Among the Arabs a similar process is taking place. People from the outlying Arab villages of Jerusalem show some signs of adjustment to the urban Arab society, but they are still known to each other as *Jozi*, "from Wadi Joz," or *Turi*, "from Abu Tor." They identify with their village communities and do not speak of themselves as *Qudsi*, "from the Holy City." Christians identify with one of the forty denominations present in Jerusalem, and one cannot speak of a single Christian community, only of the Greek, the Latin, the Armenian and other communities. Jerusalem is not a melting pot, nor does anyone see integration or uniformity as desirable or even theoretically possible, except within an individual community.

In this respect, a serious problem has developed in the Old City. In a test case, an Arab family which had owned a house in the Jewish Quarter prior to 1948 was denied the right either to rebuild it or acquire new housing in the reconstructed Jewish

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Quarter. The Supreme Court of Israel backed the government's decision, saying that homogeneous neighborhoods had always been a historical fact in Jerusalem, and that after all that had happened, the Jews were entitled to their exclusive quarter in the Old City.

Many of us assumed that this decision set the rules for the Muslim Quarter, too. However, in the past few years two Jewish religious schools, or *yeshivot*, moved into Muslim Quarter buildings owned by Jews since the end of the nineteenth century. These *yeshivot* sought to be as close as possible to the Temple Mount where, it is believed, the Messiah will appear at the End of Days.

Last December, one week after the outbreak of unrest in the West Bank and Gaza, Ariel Sharon, the minister of trade and industry and one of Israel's war heroes, moved into a Muslim Quarter building owned by Jews since 1884. His openly admitted purpose was to make a political statement to all and sundry that Jews had the right to live anywhere in Israel, including the Muslim Quarter. This move added to the tension in Jerusalem, was perceived by many Israelis as a provocative act, and clearly aroused Arab fears and suspicions that the Jews who come to live among them are trespassers intent on driving the Muslims out, one building at a time, from the Old City and from all of Jerusalem.

I believe that all of our diverse neighborhoods must be preserved according to the wishes of their present inhabitants. I oppose the *yeshivot* while understanding their motivations. I oppose and do not want to understand the provocation by Mr. Sharon.

Another major and related Arab concern is new housing for the expanding population. Jewish groups not larger than the Muslim community, the ultra-Orthodox *haredim*, have succeeded in having entire new neighborhoods built exclusively for them, with synagogues, ritual baths, traffic interdictions on the Sabbath and other religious requirements. The *haredim* are represented on the City Council and are able to form political alliances to further their interests.

I deeply regret the fact that there are no Arabs on the City Council. Under Israeli law, citizens of other countries residing in Israel have the right to vote in municipal elections, and this of course applies also to all Jerusalem Arabs aged 18 and older,

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even when they are Jordanian citizens.[5] Arabs have made increasing use of their right to vote, in spite of threats appearing in the Arab media, but those who have wanted to stand for election have been subject to a greater danger. Last year Hanna Siniora, a Christian Arab journalist, announced his intention to run at the head of a party list, but although he is a sympathizer of the Palestine Liberation Organization, he was denounced by the Arab media, his family's two cars were burned and he received death threats until he reversed his decision.

This sorry situation means that either I or a colleague in my "One Jerusalem" coalition must represent the Arab population and look after its interests. My argument is that the Arabs are Jerusalemites and taxpayers. But we are a poor city with very limited resources, and each faction on the council tries to obtain a maximum of the resources for its constituents. Arab councillors, vociferously stating their demands, would paradoxically help return the peace and quiet we need and make it easier to obtain resources for the Arab sector, including new housing.

V

The basic dilemma that confronts us in the governance of Jerusalem is this: we are trying to run a democratic municipal administration in a city where most of the population, Jewish and Arab alike, lacks democratic traditions. Jews from Muslim countries from Afghanistan to Morocco, from Eastern Europe and Latin America have always distrusted the state apparatus; they survived by creating self-contained communities whose leaders represented them to the outside world and the state. The same is true of the forty Christian groups which have always lived under their religious hierarchies.

Nor could the Muslims of Jerusalem ever fully identify with their rulers: the Turks were Muslims, but under their administration the Muslim Arabs were only marginally better off than the Jews and the Christians. The British were "infidels"; and the Jordanians considered Palestinians second-class citizens, especially those in Jerusalem whom they correctly saw as opposed to the Hashemite regime. During Jordanian rule, mi-

[5] In the 1983 elections, out of the 122,000 Muslim and Christian Arabs, there were approximately 58,000 adult men and women 18 years of age and above. Almost 15,000 voted and ten percent of them were women, an enormous change for the strongly traditional Arab society. They voted overwhelmingly for our "One Jerusalem" list, knowing that we will protect their interests as much as we can.

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grants from the town of Hebron became a majority in Arab Jerusalem, changing the character of the city, and the native Christian communities declined to one-half of what they were in 1948, continuing a trend of emigration dating from the beginning of this century. Emigration of the affluent and the educated, caused by the lack of economic, professional and political opportunities, left Jerusalem's Arabs without a strong middle class.

None of these factors is favorable to the development of democratic habits. But even if all Jerusalemites actively participated in the democratic process, the city administration would still be unable to deal with many problems because, as mentioned above, the present Israeli law on municipalities leaves very little power to the city government.

To encourage citizens' involvement, neighborhood councils called *minhalot* were formed some eight years ago and exist today in a dozen Jewish and Arab neighborhoods. The present law prevents us from giving these councils much legal authority, so we established them as nonprofit associations in the hope that they would promote participatory democracy. *Minhalot* proved very effective as intermediaries between the individual or the family clan and the municipality. The quality of life in several Jewish and Arab neighborhoods was improved by the practical proposals of the *minhalot* for allocation of municipal resources or for modifying planning decisions.

Because they are not political entities, *minhalot* are not subject to objection on grounds of sovereignty or nationalism and can contribute to efficient planning and to peaceful resolution of conflicts. *Minhalot* were therefore acceptable to the Jordanian authorities before the severance of ties, and in some instances Jordanian as well as Israeli funding went to projects in Arab neighborhoods.

An expanded system of *minhalot* could eventually play a role in a permanent arrangement by becoming the framework for self-administration by the different autonomous communities within one municipality. Direct elections to the *minhalot* can assure that each neighborhood's religious, linguistic, ethnic, cultural, educational and economic character will be determined as in the past by its inhabitants and their customs and traditions—an important factor for peaceful coexistence.

Just how tragic the situation was in divided Jerusalem between 1948 and 1967 is mostly forgotten today, because the vast majority of Jerusalemites are too young to have seen the

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walls cutting through the city. Yet almost no one, Jew or Arab, would seriously advocate a physical redivision of Jerusalem. There can be no geographic division of sovereignty.

I believe that further sharing of functional authority and greater decentralization within Jerusalem is possible and very desirable. Retention of Jordanian citizenship, granting the municipal voting right to citizens of countries at war with us, the *minhalot* as frameworks for decentralization, the fully autonomous Muslim administration of the Temple Mount, the use of the Jordanian/Arab League curriculum in the city schools for Arab children—all these features prove that Israel's sovereignty is not diminished by Arab autonomy, and that Israel's sovereignty need not interfere with the Arab community's institutions and economic, cultural and even political life. Internal and external security and foreign policy are probably the only essential functions of sovereignty. There could be a sharing of internal security within a municipal police force, and Israeli policy toward the Arab world could be influenced by its resident Arab community.

A significant advantage of this approach is that functional division of authority can be accomplished without formal and public negotiations, which in the present circumstances are practically impossible. However, once new measures are introduced they affect the daily life of everybody and become almost a customary right of the beneficiaries. What the Israeli government could do—and what I am urging it to do—is to institutionalize existing measures and generously expand their application so that eventually there will come to exist a body of rights to replace the present ad hoc arrangements. Then, if other governments were to express their support for such rights, we could have some of the "international guarantees" so often mentioned for Jerusalem.

VI

The time is ripe for changes that would have been unthinkable a few years ago. According to one theory, Egyptian President Anwar al-Sadat felt able to come to Jerusalem and eventually make peace only because of the elation Egypt experienced after its troops crossed the Suez Canal four years earlier. The subsequent crossing by Israel of the same canal and the threat to Cairo and to the Egyptian Third Army did not substantially affect this feeling of achievement.

The *intifadeh* may similarly affect the disposition of the

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Palestinians and enable them to enter negotiations with Israel. Even if the *intifadeh* loses intensity, its lasting effect could be a deep feeling of national satisfaction and pride. The *intifadeh* may also produce "homegrown" leaders more acceptable to Israel, in particular those who have rejected terrorism. If it ends otherwise, it will lose any positive effect it may have had.

At the same time, Israel's complacency of twenty years has been shaken and the necessity for changes is becoming clear to many Israelis. Once recognized, both sides' inability to attain all of their respective goals may convince them to enter negotiations. The arrangements tacitly implemented in Jerusalem could point the way to openly negotiated political compromises that will give neither side the feeling of success or failure, but will result in practical and livable (although not ideal) solutions.

At present no leaders can be said to represent the Jerusalem Arabs. The Supreme Muslim Council and other bodies were formed after 1967 to direct Muslim affairs in opposition to Israel, not in cooperation. Nevertheless, these bodies exist and enjoy a measure of authority. An ancient and influential institution is the Waqf, the religious foundation that administers Muslim holy places and owns large properties.[6] There are also members of centuries-old, venerable families who could regain the confidence of the Jerusalemite Muslim population: the Husseini, The Nashashibi, the Nusseibeh, the Khalidi, the Dajani and the Alami families; among the Hebronite community in Jerusalem are several established families which enjoy great respect, such as the Khattib and the Barakat families. The Christian Arabs have ecclesiastical hierarchies led by their respective patriarchs and bishops who have, to a high degree, kept their communities out of the conflict. Should the Arabs one day agree to discuss how they want to live in one undivided Jerusalem, they have leaders to negotiate the apportionment of authority to each community under Israel's overall sovereignty.

This is not utopia. For many generations there will remain some fear, resentment and religious fanaticism. Some Arabs

[6] As a part of King Hussein's severance of legal and administrative ties with the West Bank, all Jordanian civil servants and employees in the West Bank and Jerusalem were fired or forcibly retired by the Jordanian civil service, except those of the Waqf and of the Islamic tribunals, whose importance for the Muslims of Jerusalem and the West Bank was stressed as "embodying Islamic cultural presence" and "protecting both the holy Dome of the Rock and the al-Aqsa Mosque." The Waqf and the Islamic courts system, together with the *minhalot* in Arab neighborhoods, could provide the framework for communal autonomy.

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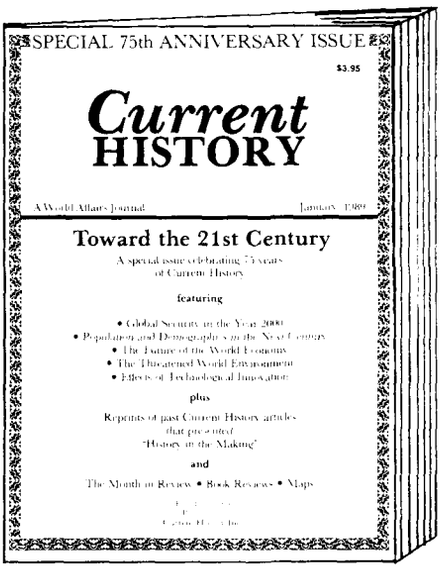
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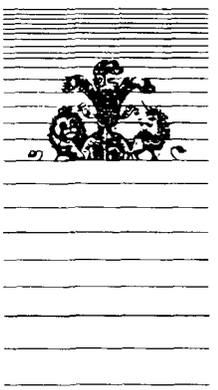

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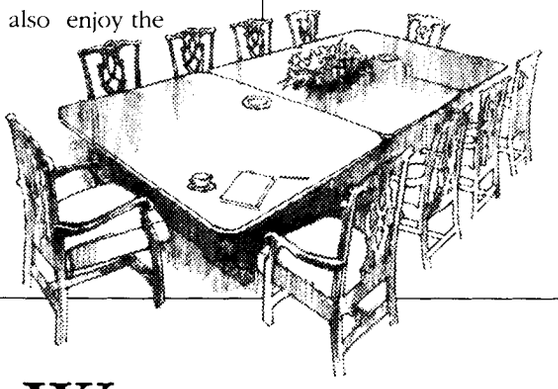

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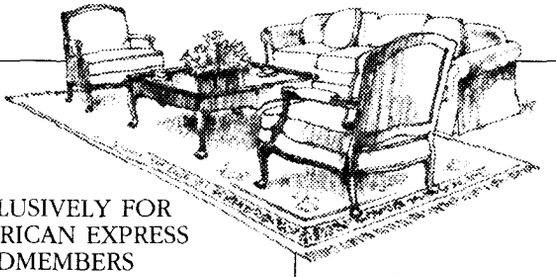

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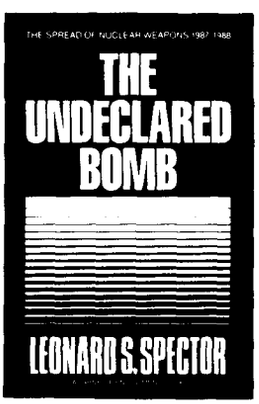

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will continue to deface Jewish tombs on the Mount of Olives as they do now from time to time, and as they did systematically after 1948 when Jewish gravestones were used for street-paving and latrines. Some Jews will insist on saying that there is no way of living with people who deface tombs and place refrigerators filled with explosive charges on busy downtown street corners. Such attitudes may last for a long time, but will eventually disappear—so we believe.

It is necessary to realize that this belief is not based on some sentimental, wishful thinking, but is a strongly felt conviction that pragmatically affects our day-to-day decisions. We recognize the existence of tension, hatred and violence, but we are guided by the decision to practice restraint, tolerance and understanding. We consider this a good investment, more than justified by the kind of Jerusalem we wish to see in the future.

Our vision has one major advantage favoring the building of this earthly new Jerusalem: it can be unilateral and still succeed, even if not everyone shares it. Its evolution depends on whether we are prepared to maintain our restraint in the face of cruel criticism, justified or unjustified, strictly avoid retaliation for violence, and ensure complete equality under the law. We must be realists and admit that violent incidents will occur and some among us may at times react violently. However, this should not mislead us into thinking that ours is an impossible task. The fundamental question is: Are we going to admit to ourselves that we have nothing to fear?

The flags that may fly from the mosques of the Temple Mount will not make Jerusalem less Jewish or more Muslim. Jerusalem is great enough for a few flags beside that of the State of Israel. We are here to stay, and deep in our hearts we know it, but it sometimes seems that we are uncomfortable asserting it. Fanatical minorities, such as Meir Kahane's movement or the Faithful of the Temple Mount, are born from a feeling of uncertainty, a remnant of the ghetto mentality, and from a lack of faith. Others have moments of uncertainty to which they react by making unnecessarily provocative statements.

We must be firm in declaring that the unity of Jerusalem, the capital of Israel, is beyond negotiation. But we must be sufficiently confident to announce that everything else is negotiable as a matter of course.

To sum up my modest proposal: we must make new and permanent arrangements in the city without waiting for nego-

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tiations on the national level, and we must do so independently of any such negotiations. Firmly embedded in the new status quo must be provisions for such important matters as the rights of the communities to internal self-administration in areas like education, welfare and sanitation; rights of communities to the geographical limits of their homogeneous neighborhoods as well as the authority to assess their members for the cost of services, jurisdiction of each community's tribunals, the modalities of access to all holy places and the regulations of dress and behavior in them, jurisdiction over trespassers in the holy places, and any other matter of importance to each and every community. As defense and foreign policy will be reserved to the government of Israel, there should be no problem with sovereignty, real or symbolic, within one unified city.

We should expand the functional sovereignty and self-administration rights already transferred to the Arabs of Jerusalem. Those who think we should not are mistakenly afraid that we cannot afford it—but we decidedly can. The day we understand this we will be able to relieve legitimate Arab grievances without fear of showing weakness, and deal with violence without outraged surprise or feelings of failure.

It is clear that in the country's present mood, particularly after last month's elections, no government would be able to enshrine in law the rights of the non-Jewish minorities of Jerusalem, because a sufficient majority in the Knesset probably could not be mustered to pass such a measure. However, it may be feasible for the government to issue regulations empowering the municipality of Jerusalem to make such arrangements as are just and necessary. This would greatly calm Arab anxieties, especially if the government were to issue statements of intent and principle as to the main concerns of the Arabs, such as the Temple Mount, Jewish settlement in the Muslim Quarter of the Old City and new Arab housing outside the walls.

We of all people, who for two thousand years longed for Jerusalem, our historical and spiritual capital, must understand the feelings of the Arabs for Jerusalem, and realize that more time will have to pass until our vision of Jerusalem will be shared by the city's Arab residents. But we can make the waiting less difficult for all.

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COMMENT AND CORRESPONDENCE

HAITI'S PAST

To the Editor:

In your Fall issue of 1988, I have just read the article on Haiti by Robert I. Rotberg entitled "Haiti's Past Mortgages Its Future." I am surprised by the carelessness with which a scholar like Mr. Rotberg has treated his topic. I am not here questioning his interpretation of Haitian politics, past, present and future (after all, he has the right to go on misunderstanding Haiti). It is simply that *factually* speaking the article is a tissue of mistaken, false and fanciful data and affirmations, as I shall demonstrate.

The author analyzes my 130 days in power as the elected head of state. No mention is made of my 33-year academic career in Haiti, the United States, Paris, the Caribbean and Venezuela (Simon Bolívar University) before becoming president. I am introduced as having been "briefly a cabinet minister under Papa Doc," which is totally untrue. Actually, the highest position I ever occupied was the founding director of the School of Advanced International Studies at the University of Haiti, at the beginning of the Duvalier administration.

Mr. Rotberg writes that I "had been *sent* into exile" by Papa Doc [emphasis added]. The truth is that, having been jailed by Duvalier in January-February 1961, I spent two years under police watch and finally took asylum at the Argentine embassy, under whose flag I left my country. As far as I know, Duvalier was furious that I escaped from his grip.

Mr. Rotberg adds that in exile I "wrote anti-Duvalier tracts." I suppose that by the ambiguous word "tract," which may mean a leaflet, brochure or pamphlet, he refers not only to some tracts that I indeed circulated between 1963 and 1986 but also to such extended essays as *Haiti of the Sixties*, published in 1964 by the Washington Center of Foreign Policy Research (Johns Hopkins University School of Advanced International Studies), which Sidney Mintz called "invaluable analysis" and "essential reading," and *Statu Quo en Haiti? L'Itinéraire d'un Fascisme de Sous-Développement*, published in Paris in 1971. Or perhaps the word "tract" covers my books such as *Evolution et Revolutions: L'Amérique Latine au XXème Siècle*, published in 1973 by the University of Paris-Sorbonne.

Mr. Rotberg further asserts: "When he stood for the election of 1988 . . . his main constituency was the junta or at least elements within that shadowy body." The truth is that I founded in 1979 a party called RDNP (Rally of the National Progressive Democrats), which by 1986 had expanded to 23 regional branches over three continents. When we returned from exile, we deepened the implantation of the party during an electoral campaign of two years (1986–88) throughout the entire country. This was achieved at high costs and sacrifices that Mr. Rotberg from his secure Massachusetts office dismisses with a stroke of his pen.

Mr. Rotberg writes that as president "for six months, Manigat apparently

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knew his place. . . . Nothing very much happened." So, I spent six months at the beginning of my administration doing nothing: six months *(180 days)* out of a total of *130 days* that I actually stayed in power! In fact, at the very start of my administration I created three new ministries in order to indicate new concerns and new orientations: a ministry of cooperative affairs, a ministry of the feminine condition and a ministry of cultural affairs. To tackle the critical agrarian problem I proposed the new idea of "rural cooperative minimum land ownership," and began the People's Houses program. I launched a nationwide program of mass mobilization against deforestation and infant mortality while laying foundations for a drive against illiteracy. I organized and developed a fight against smuggling, at the expense of vested interests (including well-known military ones). I initiated the elimination of administrative corruption by replacing the heads of the various ministries' administrative sectors and the state-owned enterprises, where again I challenged vested military interests. I submitted to Congress a law dissociating the police from the army in order to place the police under the authority of the Justice Department. I improved relations with many countries. A team of competent, honest, dedicated democrats constituted my cabinet under the chairmanship of an economist, a former diplomat and, above all, a widely respected veteran lawyer as the prime minister, whose presence incarnated the new rule of the supremacy of law in Haiti. These technicians as cabinet members were acclaimed as the best cabinet Haiti has had for decades.

Mr. Rotberg makes an effort to acknowledge my fight against smuggling, but he puts it this way: "Yet Manigat quietly attempted to end the junta's control of the contraband trade." What does that mean? The transfer of power had occurred on February 7, 1988, and so there was no junta. In the next paragraph, Rotberg continues with his errors: "Manigat sensed a growing split within the junta" and "over a weekend in June, he sided with Colonel Paul." Not only did the junta not exist after February 7, 1988, but Paul had never been part of it. Furthermore, General Henri Namphy took his unilateral decisions affecting several high-ranking army officers on Monday, June 13 (not the weekend), and I revoked these decisions on Wednesday, June 15. By doing so, I was not siding with Colonel Paul against General Namphy; I was defending the sacrosanct democratic principle of the supremacy of civilian power over the military institution. On this, Paul sided with me as the constitutional president and head of the armed forces, since the Namphy decisions had been taken without my authorization, approval or consent—I had not even been informed!

How does Rotberg present the concluding events? With a rapid finale: Manigat "over a weekend in June removed Namphy as head of the army. . . . Within 24 hours, however, Manigat's presidential palace was surrounded and he and his family were on their way to the Dominican Republic and exile in Europe." Now, what actually happened? The "finale" started on May 18, "the day of the flag," with a plot to assassinate myself and my family on the occasion of the official ceremony in the small city of Arcahaie, "the cradle of the Haitian flag." While officers loyal to my government and my RDNP partisans took all the appropriate measures of security, I decided, in spite of contrary advice from friends, to go to Arcahaie. General Namphy abstained from participating as did the army

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chief of staff, both being coincidentally "sick." Soon afterwards, persistent rumors of an imminent coup were widely spread, and the coup was already in the making, fomented first in the provinces.

The final stage began on Monday, June 13, when General Namphy took the unilateral decisions affecting high-ranking officers loyal to my government, among them Colonel Paul, head of the important Dessalines barracks, but also the head of the air force and the deputy chief of police, *inter alios*. On Wednesday, June 15, I reacted by revoking these decisions. It was only two days later, Friday, June 17, that I found it necessary to dismiss General Namphy, and only two days after that (Sunday, June 19) that a coup finally took place in his favor. Early on Monday, June 20, while it was still nighttime, my residence (not the presidential palace) was assaulted with tanks and armored cars, which shot at the house as if it were a fortress. I, with my family and some friends, surrendered without resistance following my formal orders, which explains that we are still alive.

I could go on! For example, Rotberg writes (page 96) that the United States must take care of Haiti "because Haiti has no other friends." But this does not prevent him from writing (page 109) "Haiti will need renewed help from the United States, France and its other traditional friends. . . . " Carelessness to the point of incoherence! A final example: Rotberg writes that "Two million Haitians live in Miami, New York and Boston and another half-million or so in Montreal and Quebec." This is untrue. As a scholar, Rotberg should have given the source of his statistics because we know from all authoritative sources that Haiti, with a population of five and a half million, has a diaspora of one million even when one adds the Haitians in the Dominican Republic, in Guadeloupe and French Guiana, in Venezuela, in Europe and in Africa.

When Rotberg writes that Haitian "citizens . . . could hardly tell that nondictatorial rule had at last arrived" with my administration, it is of course his own opinion. Actually, there was total freedom of press, assembly, association, belief and so on. Political parties freely held their meetings and conventions. No one was arbitrarily put in jail for political reasons; no one tortured or killed for political reasons; the full process of law was applied in government proceedings, and the constitution of 1987 was loyally applied. Assistant Secretary of State Elliott Abrams and the diplomatic corps expressed support for our democratizing efforts, as did the International Union of the Christian Democrats and the Socialist International. I shall tell the full story in my forthcoming book.

We are witnessing in Haiti the passing of a traditional society and the search for a triple modernization: democratization, economic development and social justice. A sound U.S. policy would require that certain sectors in Washington and elsewhere stop meddling one-sidedly in Haitian politics, pushing forward a favorite horse in a manner contrary to the public will.

LESLIE F. MANIGAT
Former President of the Republic of Haiti
University Professor of Political Science
Woodrow Wilson International
Center for Scholars
Washington, D.C.

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Mr. Rotberg replies:

The consummate tragedy of Haiti is that the heavy hand of authoritarian personalism still sits solidly athwart the road to its modern progress and development. Leslie Manigat's 130 days were a minor episode in the first 184 years of Haiti's struggle for integrity and dignity. His presidency accordingly occupied but brief space in my recent article in this journal; its main purpose was to explain why Haiti's troubled past and present political structure would make the necessary transition to democracy and stability difficult, if not impossible. Thus his own accession to power could hardly have endured long, whatever his personal qualities. Even so, Mr. Manigat lacked legitimacy and broad popular support.

Mr. Manigat states the case for himself as well as it could be put. Readers of this journal will judge for themselves the extent to which his letter is special pleading and his assertions misleading.

Fortunately, there may soon be a way to test what he asserts. If General Prosper Avril hews to his present determination to hold free and fair elections early in 1989, Mr. Manigat, among others, will be able to put his many animadversions to the test of public opinion.

ROBERT I. ROTBERG
Academic Vice President
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RECENT BOOKS ON INTERNATIONAL RELATIONS

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CITIZENS, PARTIES AND THE STATE. By Alan Ware. Princeton: Princeton University Press, 1988, 282 pp. $39.50.

Most of this carefully structured and sometimes original study is concerned with the role of parties in the pluralist politics of Western Europe and the United States and how they relate to the theory and practice of democracy. The appraisal is clear and perceptive about the present, cautious as to the future. Some attention is paid to one-party states and to the question of whether they can properly be called, or may become, democratic. The course of perestroika in the U.S.S.R. and of political evolution in Yugoslavia and elsewhere makes this a pertinent question, at least for further reappraisal at a later date; as of today the author is right in reaching a verdict of "not proven."

POLITICAL CHANGE IN THE THIRD WORLD. By Charles F. Andrain. Boston: Unwin Hyman, 1988, 296 pp. $39.95 (paper, $16.95).

The author analyzes five countries—Vietnam, Cuba, Chile, Nigeria and Iran—which have gone through political change, to discuss why and how it took place and what kind of new regime emerged, to make comparisons and to evaluate theory and practice. The five cases do not run parallel, the interpretations are not beyond dispute, and the facts do not always fit the themes and the models. But there is no reason to quarrel with the conclusion that the "bureaucratic-authoritarian" system has proved the most successful in maintaining power in the Third World.

CHANGE AND STABILITY IN FOREIGN POLICY. By Kjell Goldmann. Princeton: Princeton University Press, 1988, 252 pp. $35.00.

The first part of the book takes wing into the realms of theory, with particular attention to so-called stabilizers, factors making for stability in foreign policy. Those interested in practice should read on into the later chapters where the author reviews the period of détente in Soviet-American and Soviet-European (primarily West German) relations, applying his theories and considering how things might have been different. He is modest in his claims, forswearing any comprehensive analysis of change in foreign policy, East-West relations or the phenomenon of détente. But for students of any of these three topics he provides food for thought and discussion.

THE MANAGEMENT OF GLOBAL DISORDER: PROSPECTS FOR CREATIVE PROBLEM SOLVING. Edited by Lincoln P. Bloomfield. Washington: University Press of America/Minneapolis: Hubert H. Humphrey Institute of Public Affairs, University of Minnesota, 1987, 547 pp.

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disorder, intended to widen the knowledge and sharpen the thinking of leaders in government, business and the professions. They cover the global agenda of economic, legal and security problems, hardly digestible in one or two sittings, and raise rather than answer questions. But the selections are well chosen and the editor's introduction helps manage the disorder.

THE PROMISE OF WORLD ORDER. By Richard Falk. Philadelphia: Temple University Press, 1987, 332 pp. $29.95.

Richard Falk is disturbed over the sorry state of the world and the manifest inability of governments, particularly the one in Washington, to do anything to save it. He seeks radical change through populist action against militarism and nuclear weapons and through aid to Third World liberation struggles and support for human rights. The first step is to lift the curse of the bipartisan foreign policy consensus (since it is a cold-war consensus) and the old ways of thinking. Readers of Falk's earlier works will recognize much of his argument, but the book stands up well as a whole, presenting the thrust of his mature thought fully, logically and with conviction, far from reality though some of it may be.

POWER AND TACTICS IN INTERNATIONAL NEGOTIATION: HOW WEAK NATIONS BARGAIN WITH STRONG NATIONS. By William Mark Habeeb. Baltimore: Johns Hopkins, 1988, 168 pp. $25.00.

Three case studies—the Panama Canal treaties (1964–73), the accords on U.S. bases in Spain (1951–76), and the Anglo-Icelandic disputes over fishing (1958–76)—show how weak nations can negotiate quite successfully with stronger ones. The key is the "issue power balance," not the overall structural balance, and the author shows how it works. The method can be usefully applied to other past instances and holds lessons for future negotiators.

UNITED NATIONS, DIVIDED WORLD. Edited by Adam Roberts and Benedict Kingsbury. New York: Clarendon Press/Oxford, 1988, 287 pp. $59.00.

At a time when many long-standing international conflicts seem to be winding down and prospects for the United Nations seem more promising, publication of these lectures, given at Oxford in 1986 when the organization's fortunes were at a low point, can help show the way to a more useful role. The authors, all of whom speak from extensive personal experience and with full understanding of the U.N.'s limitations, include Secretary General Javier Pérez de Cuéllar, Sir Anthony Parsons, Maurice Bertrand and Evan Luard.

SCIENCE BETWEEN THE SUPERPOWERS. By Yakov M. Rabkin. New York: Priority Press, 1988, 119 pp. $8.95 (paper). A Twentieth Century Fund Paper.

This is a study of specific programs for the exchange of U.S and Soviet scientists that have taken place within the framework of intergovernmental agreements and under the auspices of the National Academy of Sciences and the Soviet Academy of Sciences. The study is thorough, objective and sensible in its conclusions. Recognizing that the Soviet Union uses these exchanges for the advancement of its own strategic objectives and not for the general advancement of science, and that for the American side the

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benefits are largely illusive, Rabkin argues that the U.S. should continue to participate in these programs, but only on the same basis as such cooperation is conducted with non-totalitarian countries.

General: Military, Technological and Scientific

Gregory F. Treverton

MINDS AT WAR: NUCLEAR REALITY AND THE INNER CONFLICTS OF DEFENSE POLICYMAKERS. By Steven Kull. New York: Basic Books, 1988, 352 pp. $19.95.

The difficulty of getting strategists and psychologists to communicate is frustrating, since they would seem to have so much to learn from each other. Steven Kull, a psychotherapist, is to be commended for trying. His premise is that several persistent American policies—seeking equal numbers of weapons or pursuing strategic defenses, for instance—are inconsistent with the reality of the nuclear age. He interviewed defense policymakers to determine how they rationalized these policies. His conclusions are thought-provoking even as they testify to the gap between strategists and psychologists, a gap that cries for investigation. Most mainstream strategists assume that the nuclear balance is stable and nuclear war all but unthinkable, and so the U.S. can pursue other objectives even if they slightly increase the risk of nuclear war. By contrast, most psychologists who become interested in nuclear issues, including Kull, seem to assume that war is much more likely, and hence its prevention overrides all else.

CRISIS STABILITY AND NUCLEAR WAR. Edited by Kurt Gottfried and Bruce G. Blair. New York: Oxford, 1988, 300 pp. $19.95 (paper, $9.95).

The authors of this volume, more than usually integrated by the editors, are a who's who of strategy, especially command and control. Their premise is sobering: the world has not seen a serious Soviet-American confrontation since the Cuban missile crisis in 1962, and so today's lessons from that too-much-studied episode are suspect. The superpowers' command and control systems should be thought of as "a single interacting system composed of men and machines," which a crisis would place under mounting strain. Their analysis is detailed and their recommendations sensible if not entirely new.

WHILE OTHERS BUILD: A COMMONSENSE APPROACH TO THE STRATEGIC DEFENSE INITIATIVE. By Angelo Codevilla. New York: Free Press, 1988, 256 pp. $22.50.

This is a last gasp of President Reagan's Strategic Defense Initiative, written in sorrow by an enthusiast. His dissection of why SDI has faded is perceptive: there never was a commitment, as there was in the space program of the 1960s, to *do something*. Both the Administration and its opponents could agree to conduct missile defense research and to move to deployment only when—or more accurately, if—exotic technologies became available. Early deployment of existing ground-based interceptors looked like a live prospect but never really was, for the Reagan Administration was not disposed to take on the military services, none of which favored

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defense, at least not funded out of its own budget. For the author these conclusions are sad ones; others will regard them as prudent.

EUROPE IN THE WESTERN ALLIANCE: TOWARDS A EUROPEAN DEFENCE ENTITY. Edited by Jonathan Alford and Kenneth Hunt. New York: St. Martin's, 1988, 246 pp. $45.00.
RETHINKING THE NUCLEAR WEAPONS DILEMMA IN EUROPE. Edited by P. Terrence Hopmann and Frank Barnaby. New York: St. Martin's, 1988, 374 pp. $55.00.
ATBMS AND WESTERN SECURITY: MISSILE DEFENSES FOR EUROPE. Edited by Donald L. Hafner and John Roper. Cambridge: Ballinger, 1988, 325 pp.

These three volumes, each with a distinguished set of contributors, examine different aspects of European security. As SDI has faded, so have its European kin, anti-tactical ballistic missile (ATBM) systems, but there is an argument for better air defense in Europe quite independent of SDI, and the Hafner-Roper volume assesses an issue that will return in some form. The Hopmann-Barnaby book was completed before the INF treaty but is still a valuable brainstorming for alternatives to the current nuclear status quo in Europe. Perhaps the most interesting of the three, the Alford-Hunt volume looks at an old issue given new life by a combination of self-assertion by Europe and the continent's lack of confidence in the United States: greater European defense cooperation. The prospects remain modest—Pierre Lellouche is at his provocative best in outlining a bold program for integration by France, Britain and the Federal Republic—but the book is a fitting tribute to my friend and former colleague, the late Jonathan Alford.

TOWARD A COMPREHENSIVE TEST BAN. By Steve Fetter. Cambridge: Ballinger, 1988, 224 pp. $29.95.

Fetter assesses this most elusive of arms control objectives in the matter-of-fact manner of a scientist. His conclusion about the effect of a ban is that "the connection between testing and the missions that forces could perform is weaker than both proponents and opponents [have maintained]." In particular, testing is not crucial to deterrence, only to "war-fighting" strategies, and so he favors a complete—as opposed to a threshold—ban, perhaps done in phases as verification techniques permit.

WITHOUT THE BOMB: THE POLITICS OF NUCLEAR PROLIFERATION. By Mitchell Reiss. New York: Columbia University Press, 1988, 336 pp.

Nonproliferation has dropped sharply on the policy agenda, but it will return, spurred by the knowledge that missile technology is proliferating faster than nuclear capability. Reiss's careful study of six dogs who did not bark—technologically capable nations that chose not to go *overtly* nuclear—is valuable background. They were deterred partly by international sanctions but more by domestic politics and bilateral relations, and by their sense that their security would not be enhanced by openly joining the nuclear club.

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WARS OF THE THIRD KIND: CONFLICT IN UNDERDEVELOPED COUNTRIES. By Edward E. Rice. Berkeley: University of California Press, 1988, 186 pp. $18.95.

Unconventional conflict in the Third World remains the forgotten stepchild of strategy. This slim, engaging volume, written by a veteran Foreign Service officer who spent World War II in China, ranges quickly across a century of such conflicts, but its heart is Vietnam. He is right to criticize the American body politic for dismissing that war as too unusual to provide guidance, too painful to recall. His own list of "don't's" is sensible: don't extend local wars, and don't take comfort in analogies with more familiar conventional wars. Alas, he provides no "do's": e.g., what to do in the face of domestic upheavals and civil wars.

THE FINAL ARGUMENT OF KINGS: REFLECTIONS ON THE ART OF WAR. By E. B. Atkeson. Fairfax (Va.): Hero Books, 1988, 260 pp. $23.95.

This readable book is part analysis, part memoir, written by a retired general who was active in military intelligence. Much of it is a familiar, if welcome, plea for more serious study of strategy, especially by the military. Some of his observations, however, run against conventional wisdom and current practice: his arguments, for instance, that we have overstated the importance of Persian Gulf oil, or been too slow to increase military-to-military contacts with the Soviet Union.

NUCLEAR STRATEGIZING: DETERRENCE AND REALITY. By Stephen J. Cimbala. New York: Praeger, 1988, 306 pp.
RETHINKING NUCLEAR STRATEGY. By Stephen J. Cimbala. Wilmington (Del.): Scholarly Resources, 1988, 278 pp. $40.00.

These two books by a prolific strategist, primarily for specialists, are both wide-ranging discussions of a variety of nuclear issues. The first volume is especially intriguing: it criticizes nuclear strategy as too abstract, too dominated by economics. The critique carries the author into psychology and Sovietology, perhaps not far enough into national institutions and politics.

General: Economic and Social

William Diebold, Jr.

AFTER REAGAN: CONFRONTING THE CHANGED WORLD ECONOMY. By C. Michael Aho and Marc Levinson. New York: Council on Foreign Relations, 1988, 245 pp. $11.95.(paper).

Working under forced draft, the two authors, with the aid of a study group at the Council on Foreign Relations, have produced a stimulating and highly readable exposition of the main issues of international economic policy that will face the next president. As the line between domestic and foreign has become blurred, they deal with the key issues of the American economy as well as money, trade, agriculture, investment and debts. Six distinguished members of the study group and the chairman, Anthony M. Solomon, contribute chapters.

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PROTECTIONISM. By Jagdish Bhagwati. Cambridge: MIT Press, 1988, 147 pp. $16.95.

This trenchant restatement of the case for reducing trade barriers is subtler and more authoritative than most. It takes account of the latest developments in economic analysis and theory as well as the surge of protectionism that has taken place during the 1980s. Professor Bhagwati of Columbia finds a number of factors—structural and ideological—that make him more optimistic about the future than are many other people. Except for a few passages, this very clear and well-argued book—based on the first series of Ohlin lectures in Sweden—can be read with great profit by laymen, and should be.

RESISTING PROTECTIONISM: GLOBAL INDUSTRIES AND THE POLITICS OF INTERNATIONAL TRADE. By Helen V. Milner. Princeton: Princeton University Press, 1988, 329 pp. $29.50.

Why have governments not erected as many trade barriers in the troubled 1970s and 1980s as they did in the 1920s and 1930s? Professor Milner of Columbia argues that the increased internationalization of business has made many firms in many sectors of industry opponents of protectionism, and that this makes a difference to governments. Her evidence is drawn from six U.S. industries in the 1920s, six U.S. firms in the 1970s and six French industries, also in the 1970s. An enormous amount of good work has gone into this valuable study, which is meticulous in its analysis and sensible in its judgments.

INTERNATIONAL TRADE IN SERVICES. By Geza Feketekuty. Cambridge: Ballinger/Washington: American Enterprise Institute, 1988, 355 pp. $26.95.

After slogging through systematic expositions of the nature of services, their categories, definitions and increased importance in the world economy, the reader comes to the heart of this good book: examinations of the problems of dealing with barriers to trade in services through international agreement. As Mr. Feketekuty was a pioneer in handling these matters in the U.S. government, his analysis is authoritative and covers subjects hardly dealt with elsewhere. He considers alternatives for future action as well as current issues in very clear prose and considerable detail. The book is indispensable for any serious study of the subject.

WHY ECONOMIC POLICIES CHANGE COURSE: ELEVEN CASE STUDIES. Paris: Organisation for Economic Co-operation and Development, 1988, 122 pp.

"Why governments change policies" would have been an alternate title. The cases concern changes in macroeconomic policies in Japan, Canada, the United States and eight European countries between 1975 and 1985. The well-written analyses—surprisingly detailed, considering their brevity—cover a variety of situations that became "unsustainable" for economic or political reasons. The authors are cautious about generalizing but write that exchange rates and balances of payments often provided the triggers for action.

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BEHIND THE VEIL OF ECONOMICS: ESSAYS IN THE WORLDLY PHILOSOPHY. By Robert L. Heilbroner. New York: Norton, 1988, 207 pp. $17.95.

Famous as a popularizer and expositor, Professor Heilbroner of the New School is also a stimulating original thinker and analyst. The latter gifts dominate in this book, which links together papers on Adam Smith, Joseph Schumpeter and several other large subjects with the fairly simple but subtle point that in the market system "the same underlying processes that assure discipline and order as those of older societies continue to exert their force." In other words, a combination of power and society's implicit views about acceptable behavior shape the economic system from "behind the veil."

LATIN AMERICAN DEBT. By Pedro-Pablo Kuczynski. Baltimore: Johns Hopkins, 1988, 258 pp. $32.50 (paper, $12.95). A Twentieth Century Fund Book.

How Latin American debts grew and became a barrier to economic development is well analyzed in this first-rate book. It shows the limits of the private and official efforts that have been undertaken to deal with these problems and looks, rather skeptically, at proposals to improve matters. Thanks to Mr. Kuczynski's experience in private banking, the World Bank and the Peruvian cabinet, his book has insights and depth. Although the 1980s are a "lost decade," he refuses to believe that development is dead. His own eclectic prescription focuses on selective deferral of interest and increased activity by multilateral development banks, but suggests a slow process that will call for substantial contributions by all interested parties. It is no fault of the author that the book cannot altogether keep up with events.

SOVIET INDUSTRY FROM STALIN TO GORBACHEV. By Joseph S. Berliner. Ithaca (N.Y.): Cornell University Press, 1988, 306 pp. $34.50.

In 1986 Gorbachev deplored the neglect of "scientific discoveries and important inventions" in almost the same words used by G. M. Malenkov in 1941. This amusing but rather ominous parallel is only one of the examples of "the intractability of . . . objectionable practices" that, according to Professor Berliner of Harvard, must "derive from some fundamental structural properties of the economic system." This collection of studies examines Soviet management and technological progress in a thoroughgoing fashion and casts much light on the difficulties Gorbachev faces in spite of the substantial advances the Soviet Union has made since the war.

THE POLITICS OF THE ANGLO-AMERICAN ECONOMIC SPECIAL RELATIONSHIP, 1940–1987. By Alan P. Dobson. New York: St. Martin's, 1988, 290 pp. $45.00.

The Atlantic Charter, Lend-Lease, Bretton Woods, the occupation of Germany, the Marshall Plan, European integration, the sterling area and trade with the communist world are all landmarks in a process in which the United States and Britain blended agreements and differences into something called "the special relationship." Does it still exist? This interesting and attractive account by a lecturer at University College, Swansea, tells the story by describing some points in detail and sketching out the rest. He explains well, and puts events in their international and domestic settings,

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but never undertakes a deep or original analysis of what the special relationship was or how it related to the changing position of the two countries in the world.

OUT FROM UNDERDEVELOPMENT. By James H. Mittelman. New York: St. Martin's, 1988, 204 pp. $35.00 (paper, $12.95).

Dissatisfied with the several brands of conventional wisdom about economic development—and who is not?—and impressed with some key elements of Marxian analysis, especially concerning accumulation, Professor Mittelman of Queens College vigorously takes on a whole set of central issues. A study of Mozambique and episodes from other countries punctuate his broader analysis. He leans toward collective self-reliance and "managing the ties of dependency." He does not lay out specific programs because he is well aware of the two-sidedness of most measures and the complexity of underdevelopment.

CREDITWORTHINESS AND REFORM IN POLAND: WESTERN AND POLISH PERSPECTIVES. Edited by Paul Marer and Wlodzimierz Siwinski. Bloomington: Indiana University Press, 1988, 348 pp. $37.50 (paper, $25.00).

The strengths of this valuable book are the diversity of the authors (from Western countries and Poland), the many different aspects of the Polish situation they deal with and the extent to which the current troubles are traced back to the 1970s. Most of the 30-odd papers are short; as they were written at different times since 1985, it is not always clear what the present tense refers to, and the reader must fend for himself in pulling together this rich material.

GLOBAL COMPETITIVENESS: GETTING THE U.S. BACK ON TRACK. Edited by Martin K. Starr. New York: Norton, 1988, 338 pp. $19.95.

These papers, prepared for a meeting of the American Assembly, fit a pattern calling for vision and "practical first steps" to keep the United States from "gambling recklessly with its destiny" by falling behind in the international economic competition. There are discussions of macro- and microeconomic policies but the main emphasis is on what management (and to a lesser extent labor) can do.

THE DYNAMICS OF TRADE AND EMPLOYMENT. Edited by Laura D'Andrea Tyson, William T. Dickens and John Zysman. Cambridge: Ballinger, 1988, 282 pp.

Case studies of automobiles, apparel, semiconductors and telecommunications equipment are the main feature of this book. The editors build on the results to stress the importance of shaping policies that take account of the fact that industries respond differently to changes in foreign trade and that different groups of workers are affected. The findings are not particularly surprising but this is a valuable, responsible work.

KEEPING PACE: U.S. POLICIES AND GLOBAL ECONOMIC CHANGE. Edited by John Yochelson. Cambridge: Ballinger, 1988, 296 pp. $34.95.

Technological change and American relations with developing countries get most of the attention in this volume but the papers also deal with five

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other large subjects seen as "structural challenges." The able authors mostly make strong arguments and often do not agree at all with one another as to what American policy should be.

TOWARD A POLITICAL ECONOMY OF DEVELOPMENT: A RATIONAL CHOICE PERSPECTIVE. Edited by Robert H. Bates. Berkeley: University of California Press, 1988, 393 pp. $48.50.

A 20-page bibliography of the best recent articles on economic development, chosen by a group of leading scholars, is one of the most useful features of this book. The editor then ties together ten pieces on rather miscellaneous subjects to help readers understand how economic and political factors interrelate in the development process. His comments are intelligent but the scope seems a bit limited and the choice of subjects somewhat arbitrary.

UNEQUAL ALLIANCE: THE WORLD BANK, THE INTERNATIONAL MONETARY FUND, AND THE PHILIPPINES. By Robin Broad. Berkeley: University of California Press, 1988, 352 pp. $35.00.

Time spent in the Philippines in the early 1980s, later interviews and leaked documents permit Robin Broad to tell an interesting, plausible story of how the World Bank, allied with some private and official groups in the Philippines and with foreign businessmen, was more successful than the International Monetary Fund in getting at least nominal acceptance of a program of structural adjustment for the Philippine economy, which it then financed. When she moves on to condemn the policy as shortsighted in a shaky world economy, damaging to the majority of Filipinos and based on wrong concepts of development, her arguments and evidence grow thinner and her language sometimes looser, while the subjects become broader and more complex.

The United States

Gaddis Smith

A BRIGHT SHINING LIE: JOHN PAUL VANN AND AMERICA IN VIETNAM. By Neil Sheehan. New York: Random House, 1988, 861 pp. $24.95.

This extraordinary book is many things: a biography of the legendary John Paul Vann (1924–1972), the courageous, outspoken and morally flawed professional soldier who committed himself to fighting the war in Vietnam with an intensity that Herman Melville would have understood; a compelling portrait of the fact of battle; an excoriating account of the corruption and brutality of the South Vietnamese regime; an indictment of the American generals and civilians who directed the war; implicitly an essay on the place of the military in American society and a commentary on American political values. The author worked on the book for 16 years, combining his own experience as a combat journalist in Vietnam with extensive interviews and archival research. Enthralling.

IN QUEST OF NATIONAL SECURITY. By Zbigniew Brzezinski. Edited and annotated by Marin Strmecki. Boulder (Colo.): Westview Press, 1988, 252 pp. $34.95.

This collection brings together the major foreign policy addresses and essays of Zbigniew Brzezinski during his years as President Carter's national

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security adviser and through the closing years of the Reagan Administration. An interesting look backward at how issues have changed and how they have stayed the same. The emphasis is on how things might or should evolve in the long term, particularly in relations with the U.S.S.R.

INSIDE THE NATIONAL SECURITY COUNCIL. By Constantine C. Menges. New York: Simon and Schuster, 1988, 418 pp. $19.95.

The author served as chief CIA analyst for Latin America and then as Latin American specialist in the National Security Council during most of the Reagan years. He is an outspoken, crusading believer in the Soviet threat and an opponent of dealing with Central American problems by negotiation rather than through military assertiveness. This flamboyant memoir could be subtitled: "My war against George Shultz and other weaklings and appeasers in the State Department and the White House." It is also an unintentional indictment of Reagan's inability to exert sustained leadership.

PERILOUS STATECRAFT: AN INSIDER'S ACCOUNT OF THE IRAN-CONTRA AFFAIR. By Michael A. Ledeen. New York: Scribner's, 1988, 307 pp. $19.95.

A fascinating, if self-important, account of the origins and aftermath of the U.S. sale of arms to Iran in return for the release of hostages. The author, acting as a consultant to the State Department and National Security Council, was an early intermediary for contacts with Israeli and Iranian actors. He was not involved in the diversion of funds to the contras. He criticizes Oliver North for overweening ambition and loss of perspective, but believes that North, McFarlane, Poindexter and Secord all had noble intentions. They made mistakes, he says, but did not commit crimes. The real devil in the piece is Congress, especially the committees and staffs investigating the affair.

LIBERTY UNDER SIEGE: AMERICAN POLITICS, 1976–1988. By Walter Karp. New York: Henry Holt, 1988, 255 pp. $19.95.

With rhetoric worthy of Tom Paine, Karp attacks the "jeering tyranny of shysters and sharks, protected by Oligarchy" which, he contends, has undermined democracy since 1976. The Reaganites, the press, the military and business are the principal targets, but he also inveighs against the leaders of the Democratic Party for sabotaging Jimmy Carter.

WAGING PEACE AND WAR: DEAN RUSK IN THE TRUMAN, KENNEDY AND JOHNSON YEARS. By Thomas J. Schoenbaum. New York: Simon and Schuster, 1988, 592 pp. $22.95

Dean Rusk took no horde of papers with him when he left government service in 1969 and he has declined to write his own memoirs. Laconic and stoic, he tends to be treated by historians as a one-dimensional and not very sympathetic figure. This book, therefore, is welcome. Based on extensive research and hundreds of hours of conversation with Rusk, it comes as close as any book ever will to giving Rusk's account of what he did and thought in the State Department during the Truman years and as secretary of state for Kennedy and Johnson. The chapters on Rusk's youth, education in America and at Oxford and experiences in World War II are particularly good in explaining the development of his character and outlook on the

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world. The author is director of the Dean Rusk Center for International and Comparative Law at the University of Georgia.

JOHNSON, NIXON, AND THE DOVES. By Melvin Small. New Brunswick (N.J.): Rutgers University Press, 1988, 322 pp. $35.00 (paper, $12.00).

What impact did the anti-war movement in the United States have on American policy in the Vietnam War? This careful study, based on archival material supplemented with interviews, concludes that anti-war activity, even when carried out by small numbers, did affect Johnson and Nixon to a considerable extent. The author believes that his conclusion "might help to sustain others who question present and future foreign policies."

REMEMBERING AMERICA: A VOICE FROM THE SIXTIES. By Richard N. Goodwin. Boston: Little, Brown, 1988, 552 pp. $19.95.

It seems late in the day for Kennedy hagiography and Johnson bashing but Richard Goodwin, a speechwriter in both administrations, makes his belated entry in the sweepstakes of sycophancy. Apparently oblivious of the damaging disclosures about the Kennedys in the past twenty years (one of the most damaging appearing in a forthcoming book called *Hidden Illness in the White House* by Kenneth Crispell and Carlos Gomez), he not only whitewashes the Kennedys, but his depiction of Johnson as a near-lunatic is reminiscent of nothing so much as the Soviet comic-strip propaganda of the 1960s. A voice from the sixties indeed, and this is the eighties.

Lucy Despard

JFK: HISTORY OF AN IMAGE. By Thomas Brown. Bloomington: Indiana University Press, 1988, 150 pp. $19.95.

Appraisals of John F. Kennedy have shifted, in the quarter-century since his assassination in Dallas, from idolization to bitter disillusionment to more complex and balanced analysis. This careful description and explanation of changing images is a contribution to understanding Kennedy's meaning in American history. It can be argued that Kennedy, like Woodrow Wilson, has had a greater impact since his death than he did alive.

GOLDWATER. By Barry M. Goldwater with Jack Casserly. New York: Doubleday, 1988, 414 pp. $21.95.

An engaging, anecdotal autobiography. Senator Goldwater's feisty integrity, impatience with pomposity, zest for adventure, admiration for military men and institutions, and conservative values permeate these recollections. The portrait of Richard Nixon is fairly devastating.

THE PROUD DECADES: AMERICA IN WAR AND PEACE, 1941–1960. By John Patrick Diggins. New York: Norton, 1988, 381 pp. $19.95.

This well-written cultural, political, economic and diplomatic survey emphasizes the continuity between World War II and the cold war in American life and deals with the accomplishments that made Americans proud. "The nuclear legacy," argues Diggins, "is perhaps the one permanent aspect of the forties and fifties that cannot be pointed to with pride." This is history for the comfortable, college-educated middle class. Those outside the mainstream are given little heed.

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ALTERNATIVES TO ANARCHY: AMERICAN SUPRANATIONALISM SINCE WORLD WAR II. By Wesley T. Wooley. Bloomington: Indiana University Press, 1988, 244 pp. $25.00.

Many thoughtful people since 1945 have questioned whether the sovereign state system can preserve global security in an era of nuclear weapons and threatening environmental disaster. Scores of visionaries have presented and campaigned for alternatives. None succeeded. This excellent analysis of three failed movements—World Federalism in the 1940s, Atlantic Union in the 1950s, and environmental functionalism in the 1970s—shows how they were defeated by the elitism of the leaders, the exaggeration of wolf criers, and the cold war.

THE LIFE OF HERBERT HOOVER: THE HUMANITARIAN, 1914–1917. By George H. Nash. New York: Norton, 1988, 497 pp. $25.00.

The second volume of this major biography (Volume I was published in 1983) concentrates, in almost numbing detail, on the 30-month period when Hoover organized and directed the relief of the population of Belgium, under German occupation and threatened with starvation. Hoover's political and administrative skills in this enormous task, combined with brilliant publicity which he knew how to garner, gave him the national and international reputation which led eventually to the American presidency.

STARK DECENCY: GERMAN PRISONERS OF WAR IN A NEW ENGLAND VILLAGE. By Allen V. Koop. Hanover (N.H.): University Press of New England, 1988, 136 pp. $18.00 (paper, $8.95).

Nearly 400,000 German prisoners of war were interned in the United States during World War II. This beautifully written little book describes one of the smaller camps—at Stark in northern New Hampshire. It is a tale of basic decency and humanity in which prisoners, guards and civilians lived and worked together harmoniously. A benign footnote to a malignant war.

TROUBLESOME BORDER. By Oscar J. Martinez. Tucson: University of Arizona Press, 1988, 177 pp. $22.95.

A useful, fact-filled discussion of the history, culture and controversies of the Mexican-American border region from the early nineteenth century to the present.

The Western Hemisphere

Abraham F. Lowenthal

CANADA AND THE NEW INTERNATIONALISM. Edited by John Holmes and John Kirton. Toronto: Center for International Studies, University of Toronto/Canadian Institute of International Affairs, 1988, 161 pp. $14.00.

Canada's foreign policy has always accorded great importance to working through and nourishing international institutions—far more importance than has ever been accorded by U.S. policy. Thus, the decrepitude of the United Nations in the early 1980s and the simultaneous arrogant unilateralism of the United States were painful to many in the Canadian foreign policy elite. But at the same time new international groupings, dealing with economic, environmental and regional conflicts, appeared and were wel-

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comed by Canadians. These short essays by Canadian diplomats and scholars assembled at a 1986 conference describe Canada's role in and hopes for these new institutions. Gaddis Smith

CANADA: THE STRATEGIC AND MILITARY PAWN. By Gerard S. Vano. New York: Praeger, 1988, 176 pp. $35.95.

A theoretical, opaquely written essay which seems to explain the historical and current subordination of Canada's military institutions to several major imperial powers (sequentially France, Britain, the United States) in terms of "a dichotomy that divides spatial systems from temporal ones." Gaddis Smith

PINOCHET: THE POLITICS OF POWER. By Genaro Arriagada. Boston: Unwin Hyman, 1988, 196 pp. $34.95 (paper, $12.95).

An exceptionally well-informed and carefully presented analysis of how, in one of Latin America's best-established democracies, General Augusto Pinochet was able to impose a solidly entrenched military dictatorship; how and why the Pinochet regime endured so long; and why by the late 1980s the opposition realized that it would have to play by the dictator's own rules, however illegitimate, to have any chance of ending the regime. The author, a Christian Democratic political leader, successfully coordinated the campaign of the Chilean opposition to defeat Pinochet in the October 1988 plebiscite.

ISLA 10. By Sergio Bitar. Santiago: Pehvén, 1988, 300 pp.

From September 1973 to late 1974, the author—the youngest member of Salvador Allende's cabinet—was confined to a concentration camp on remote Dawson's Island, together with the rest of the cabinet. Exiled in 1974, he began in 1975 to dictate his memoirs. Permitted to return to Chile in 1984, he revised and edited the text to purge it of an emotional tone and simply let the facts speak for themselves. The result is a compelling account, a best-seller in Chile today, and an important contribution to the country's understanding of itself. Mr. Bitar is now a prominent leader of the democratic opposition.

CHILE: PROSPECTS FOR DEMOCRACY. By Mark Falcoff, Arturo Valenzuela and Susan Kaufman Purcell. New York: Council on Foreign Relations, 1988, 80 pp. $8.95 (paper).

Timely and insightful essays, prepared for a study group at the Council on Foreign Relations, analyzing whether Chile can emerge from the 15-year military dictatorship of Augusto Pinochet and restore democratic politics. Valenzuela's methodical chapter successfully predicts the triumph of the opposition in the October 1988 plebiscite and explains in advance how this might occur; Falcoff lucidly analyzes the deep, continuing division in Chilean society that will make it difficult to restore full democracy soon, despite the plebiscite's result; and Purcell discusses the resulting dilemmas for U.S. policy.

OIL AND MEXICAN FOREIGN POLICY. By George W. Grayson. Pittsburgh: University of Pittsburgh Press, 1988, 207 pp. $19.95.

Drawing on extensive interviews with Mexican officials and on the political science literature about "role conceptions," Grayson argues that dramatic changes in the price and availability of petroleum have shaped

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Mexican foreign policy in recent years. Escalating prices and revenues catalyzed Mexico's activist policy in the late 1970s, when the country sought to restructure international economic and energy relations and often took serious issue with the United States. The oil glut of the 1980s forced Mexico to become more pragmatic, moderate and accepting of the global distribution of power, and to act as a "responsible debtor" interested in greater cooperation with Washington and New York. The next few years will probably see the country emerge as a "contentious partner," as the increasing interaction between Mexico and the U.S. stirs Mexican feelings of vulnerability and produces renewed efforts by Mexico to protect its sovereignty and sense of identity.

RETHINKING MILITARY POLITICS: BRAZIL AND THE SOUTHERN CONE. By Alfred Stepan. Princeton: Princeton University Press, 1988, 167 pp. $25.00 (paper, $9.95).

One of the hemisphere's foremost authorities on the military's role in politics, particularly in Brazil, Alfred Stepan focuses sharply on how the armed forces have participated in the process of transition from authoritarian rule to democratic politics in Brazil, with comparative references to Argentina, Chile, Uruguay and Spain. A lucid and provocative analysis of an important and underresearched topic.

UNITED STATES POLICY IN LATIN AMERICA: A QUARTER CENTURY OF CRISIS AND CHALLENGE, 1961–1986. Edited by John D. Martz. Lincoln: University of Nebraska Press, 1988, 336 pp.

A gem, an authoritative handbook on U.S. policy focusing on the crucial conflicts of the past 25 years. First are analyses of different approaches: Federico Gil on the Kennedy-Johnson years, Michael Francis on the "Kissinger years," Robert Pastor on the Carter policies he helped make. Margaret Daly Hayes, whose excellent chapter only covers the first Reagan term, says the U.S. "flexed its muscles" but used them infrequently. Then the handling of particular flashpoints is examined, among them Paul Sigmund's astute reckoning of U.S. policy toward Chile in 1970–1973 and its fallout, Steve Ropp on the Panama Canal treaties, Riordan Roett on debt, Abraham Lowenthal on Central America and Wayne Smith on Cuba. Their views are well known, and lean to the liberal side, but realities are not ignored; Pastor concludes that the Carter Administration, against its preferences, "was impelled to address a traditional security agenda."

Linda Robinson

POWER IN THE ISTHMUS: A POLITICAL HISTORY OF MODERN CENTRAL AMERICA. By James Dunkerley. London and New York: Verso, 1988, 691 pp. $47.50.

A sweeping survey of Central America's economic and political history in the nineteenth and twentieth centuries, with emphasis on its uneven development since 1950; the tensions within Central America between unity and diversity among five nations that were once united, and the identification of critical points of change that have reshaped the history of the isthmus. Dunkerley avoids the tendency in too much of the contemporary literature on Central America to ignore the region's own dynamics and to exaggerate the role and impact of the United States. Although his sympathy with the poor and repressed in Central America is clear, Dunk-

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erley writes with more balance, and with a far surer grasp of the data, than most.

U.S. ENDS AND MEANS IN CENTRAL AMERICA: A DEBATE. By Ernest van den Haag and Tom J. Farer. New York: Plenum, 1988, 241 pp. $19.95.

Two exceptionally articulate and witty advocates debate the aims, conduct and results of U.S. policy toward Central America in the 1980s. Van den Haag argues more persuasively than the Reagan Administration has ever done for a U.S. attempt to oust the Sandinistas; Farer is more coherent than most opponents of the contra war in his critique of Administration policy. Both authors emphasize fundamental values and premises; neither is daunted by stubborn facts.

VITAL INTERESTS: THE SOVIET ISSUE IN U.S. CENTRAL AMERICAN POLICY. Edited by Bruce D. Larkin. Boulder (Colo.): Lynne Rienner, 1988, 500 pp.

An uneven and excessively inclusive collection of essays exploring U.S. interests in Central America, the Soviet role and the politics of Washington's policymaking on this issue. The book's main contribution is to reprint the 1980 report of the Committee of Santa Fe, a little-known document spelling out in advance the assumptions and argumentation that were to shape the Reagan Administration's approach to Central America. One quote conveys the message: "Only the United States can, as a partner, protect the independent nations of Latin America from Communist conquest and help preserve Hispanic-American culture from sterilization by international Marxist materialism."

HAITI: THE DUVALIERS AND THEIR LEGACY. By Elizabeth Abbott. New York: McGraw-Hill, 1988, 408 pp. $19.95.

Trained as a historian, working currently as a journalist, married to a Haitian hotelier and related by marriage to Haitian strongman General Henri Namphy, the author has used her background and connections to produce a gripping but not always reliable account of the Duvalier years and their grim legacy.

REFUGEES OF A HIDDEN WAR: THE AFTERMATH OF COUNTERINSURGENCY IN GUATEMALA. By Beatriz Manz. Albany: State University of New York Press, 1988, 283 pp. $49.50 (paper, $16.95).

Some two million people have been displaced from their homes by Central America's decade of violence. Using the techniques of anthropological fieldwork in three predominantly Indian regions of northern Guatemala, Manz illuminates the suffering of Central America and underlines how difficult reconciliation and recovery are likely to be.

DIRECT TO THE POOR: GRASSROOTS DEVELOPMENT IN LATIN AMERICA. By Sheldon Annis and Peter Hakim. Boulder (Colo.): Lynne Rienner, 1988, 226 pp.

A collection of articles that emerged from the experience of the Inter-American Foundation, a U.S. government agency that supports self-help efforts by the poor in Latin America and the Caribbean to mobilize through collective action. Taken together, they illuminate a region in change, in large part because it is becoming more organized at all levels.

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INSIDE DEVELOPMENT IN LATIN AMERICA: A REPORT FROM THE DOMINICAN REPUBLIC, COLOMBIA, AND BRAZIL. By James Lang. Chapel Hill: University of North Carolina Press, 1988, 307 pp. $37.50 (paper, $12.50).

James Lang has written a chatty, upbeat review of 34 development projects in four countries, an "Inside Latin America" from the grass-roots development perspective. Lang's message is that high-tech, capital-intensive projects may be necessary but they are woefully inadequate and have worsened the gap between rich and poor. The negative experience of debt and falling incomes in the 1980s demands a new approach; small-scale projects mobilize resources and provide employment where other models have failed.

Western Europe

Fritz Stern

WINSTON CHURCHILL. VOL. VIII: "NEVER DESPAIR," 1945–1965. By Martin Gilbert. Boston: Houghton Mifflin, 1988, 1437 pp. $40.00.

A meticulously detailed and annotated account of Churchill's declining years, the eighth and final volume of a contemporary classic. Politics were still at the center of Churchill's life, whether in office or out; hence this is a record of great historical importance. Churchill clung to his passionate belief in the special Anglo-American relationship: at the same time, he always favored talks with the Soviets, especially after Stalin's death, hoping to dampen, perhaps end, the cold war. A titanic figure, with a consuming sense of history, whether in the making or the writing of it. The book is filled with Churchill correspondence, perhaps a trifle too much. Martin Gilbert, the official biographer, is to be congratulated. Blessed with an incomparable subject, he too persevered and his work exemplified what Churchill knew: history is part drama, and its reconstruction requires literary felicity.

Shortly after the death of Churchill, Lord Chandos recalled his magnanimity and added, in words that the Great Republic could ponder at this season: "The only people he never forgave were those who, in the words he so often used, 'fell beneath the level of events.'"

MRS. THATCHER'S REVOLUTION: THE ENDING OF THE SOCIALIST ERA. By Peter Jenkins. Cambridge: Harvard University Press, 417 pp. $25.00.

A brilliant study, by one of Britain's best-known commentators, of the Iron Lady ("ambition, in small-town girls and boys, is . . . a demonic force") and her "conviction politics." He sets her rule in the context of changes in British society, emphasizing that she benefited from the perceived malaise of the 1970s, from the recognized decline in the British economy, which she insisted was at bottom the result of a moral failing. Labour suffered from the social changes that gave the Tories and Thatcherism their chance. An analysis of the aims, achievements and great costs of the Thatcherite Revolution ("it is a revolution in half of Britain"), of her self-defined mission to "kill socialism." The book is enlivened by Jenkins' flair for depicting people: "For all the cant about politics being about issues, politics

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is more fun when it is about people." Full of biting asides, such as Mrs. Thatcher's remark about Reagan, whom she likes and admires: "Poor dear, there's nothing between his ears."

SOPHISTICATED REBELS: THE POLITICAL CULTURE OF EUROPEAN DISSENT, 1968–87. By H. Stuart Hughes. Cambridge: Harvard University Press, 1988. 172 pp. $20.00.

A well-known historian analyzes the European dissidents after the shattered illusions of 1968, when the student movement in Paris collapsed and Dubcek's effort at establishing "socialism with a human face" was crushed by Soviet-led forces. These events "together mark the single clearest caesura in the history of Europe since 1945." As representatives of the more realistic, more skeptical mood after 1968, Hughes selects various figures—from the novelists Michel Tournier and Milan Kundera to the theological opponents of the Polish pope—and movements, such as the Greens or Solidarity, all of whom tried by different means and under different conditions to improve life, individual and collective. Written with Hughes' usual elegance, with an appealing mixture of *engagement* and detachment, the book gives a vivid picture of people who "had in common a resolute moral sense." The chapters are a bit uneven, varying with Hughes' own familiarity and sympathy, but altogether an astoundingly compact and most informative sketch of contemporary dissidence, of individuals and groups insufficiently known in the United States, in what Hughes rightly and regretfully calls "a society of specialists."

THE DEADLY EMBRACE: HITLER, STALIN, AND THE NAZI-SOVIET PACT, 1939–1941. By Anthony Reed and David Fisher. New York: Norton, 1988, 675 pp. $25.00.

A dramatic retelling of German-Soviet relations from the months of diplomatic groping toward a pact by these two ideological opponents to the day of the German attack on the Soviet Union. A critical moment in the history of Europe, but there is little that is new in the work; novelistic or atmospheric touches take the place of historical analysis. The authors, well-known BBC men, produce a racy effort at *haute vulgarisation*. An inflated work, which pruning would have improved; a book on themes that deserve more serious study.

VIENNA AND ITS JEWS: THE TRAGEDY OF SUCCESS, 1880–1980s. By George F. Berkley. Cambridge: Abt Books/Washington, Madison Books, 1988, 422 pp. $24.95.

A superficial, anecdotal account, drawn from earlier works and supplemented by interviews, with the thesis that the Jews loved a city whose people disliked or hated them. Marred by historical inaccuracies.

GASTON GALLIMARD: A HALF CENTURY OF FRENCH PUBLISHING. By Pierre Assouline. San Diego: Harcourt Brace Jovanovich, 1988, 448 pp. $35.00.

A French journalist reconstructs the life of France's foremost publisher, who for a time was also the owner of a fabled theater. Gallimard, son of a *roué* with a splendid art collection, sought to corner the market on great writers, French and foreign. A man of charm, wile and imperturbable presumption, he was also a man of ambiguity: he dodged service in the

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First World War and made prudent compromises in the Second. He continued to publish under the German Occupation—and yet after the war Camus and others testified that he had helped them as well. A breezy account, based in part on private sources, an instructive and entertaining social-literary history, a portrait of a successful and not very appealing figure.

MAKING MONDRAGÓN: THE GROWTH AND DYNAMICS OF THE WORKER COOPERATIVE COMPLEX. By William Foote Whyte and Kathleen King Whyte. Ithaca (N.Y): ILR Press, Cornell University, 1988, 336 pp. $36.00 (paper, $14.95).

"I had believed that worker cooperatives reflected noble ideals but had little prospect for long-term survival and growth in modern industrialized economies," writes a leading American sociologist, William Whyte. Why a complex of enterprises in the Basque part of Spain in the wake of the Civil War has caused him to think otherwise is the burden of this report. Inevitably there is much detail about organization and procedure, but the authors keep clearly in focus the problems of balancing efficiency and ideals, autonomy and solidarity, risk and stability, financial liquidity and job security. It makes an interesting story, but not one that encourages generalizations. William Diebold, Jr.

The Soviet Union and Eastern Europe

John C. Campbell

THE GLOBAL RIVALS. By Seweryn Bialer and Michael Mandelbaum. New York: Knopf, 1988, 205 pp. $18.95.

Written as a companion to a television series, *The Global Rivals* includes long passages of simple exposition on the origins and course of the cold war, with some overplaying of the human rights question, and other passages of thoughtful analysis of the changes that have taken place since the coming to power of Mikhail Gorbachev. With due caution the authors make the case that the Soviet leaders, for good and sufficient reasons of their own, are revising long-held foreign policy concepts and seriously trying, for the medium future anyway, to establish new kinds of relations with Europe, China, the Third World and especially the United States. These new policies present opportunities for American policy and possibilities for a safer, more stable world order. The book will get some criticism for being too optimistic or too soft, but unfolding events seem to be confirming its argument.

THE SOVIET ECONOMY ON THE BRINK OF REFORM: ESSAYS IN HONOR OF ALEC NOVE. Edited by Peter Wiles. Boston: Unwin Hyman, 1988, 256 pp. $49.95.

REORGANIZATION AND REFORM IN THE SOVIET ECONOMY. Edited by Susan J. Linz and William Moskoff. Armonk (N.Y.): Sharpe, 1988, 146 pp. $32.50.

Both these volumes look at the Soviet economy at the time of Gorbachev's first burst of reform talk, before his program had really taken shape or passed any major tests. They take up many of the same topics (investment decisions, industrial performance, plan versus market, agriculture) but not

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always from similar viewpoints. The essays in the Linz-Moskoff book are generally skeptical of the Soviet regime's ability to make the radical changes necessary to rescue the economy. Those in the volume edited by Peter Wiles are more specialized and demonstrate a high level of analysis as well as an understanding of how the Soviet economy works in practice. One especially interesting paper is a critique of the CIA's estimates of the Soviet economy.

GORBACHEV'S REFORMS: U.S. AND JAPANESE ASSESSMENTS. Edited by Peter Juviler and Hiroshi Kimura. New York: Aldine de Gruyter, 1988, 178 pp.

By this time there is not much new thinking in the outside world about the "new thinking" in the U.S.S.R. The possibilities and the limits of reform have all been discussed and events will have the last say. This volume, nonetheless, should not be overlooked. It covers both the domestic scene and foreign policy and offers the views of both Japanese and American experts; they do not, incidentally, differ significantly in their estimates.

UNDERSTANDING SOVIET SOCIETY. Edited by Michael Paul Sacks and Jerry G. Pankhurst. Boston: Unwin Hyman, 1988, 268 pp.

The authors, sociologists who have specialized in the Soviet Union, would not claim to have found the keys to understanding Soviet society. But they point the reader in that direction—they provide the results of the most recent research, and they deflate some of the generally accepted and superficial conceptions now current in the West.

STALIN: MAN AND RULER. By Robert H. McNeal. New York: New York University Press, 1988, 309 pp. $34.95.

Now that in the Soviet Union it is open season on Stalin, who knows what new and grisly revelations will come from Soviet historians and biographers? They may not be so different from the studies of Stalin and Stalinism that have come from the pens of Western scholars. That of Robert McNeal, the product of many years of research, sets a standard against which others, whether by insiders or outsiders, will be measured. Above all, it seeks to ferret out what actually happened in all the obscure events of the Stalin era. Throughout, the author portrays his subject as a man rather than a demon, but no ordinary man and in no ordinary country. "And so terror, rationality and insanity appear as inextricably intertwined in Soviet society under Stalin as in his persona."

TWO LIVES, ONE RUSSIA. By Nicholas Daniloff. Boston: Houghton Mifflin, 1988, 307 pp. $19.95.

Not the usual book by the usual Moscow correspondent. Daniloff's plot shifts the scene back and forth between his search for his ancestral heritage (his great-great-grandfather was a Russian officer involved in the Decembrist revolt of 1825) and his own harrowing experience when arrested as an alleged American spy in 1986. The book has appeal as a personal story and in the process tells a great deal about Russia and the Russians.

FEAR NO EVIL. By Natan Sharansky. New York: Random House, 1988, 437 pp. $19.95.

The case of Sharansky, who was arrested and imprisoned as an alleged American spy for nine years, was indeed a *cause célèbre* as public opinion

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and heads of state in the West placed it high on the East-West agenda and kept it there until he was freed in an exchange. Sharansky himself, meanwhile, disappeared into the world of Soviet prisons and the gulag, his fate only known from scraps of information he could get out to family and friends. Now he tells the whole story of privation, interrogation, mock trial, hunger strikes and unbroken resistance. He tells it eloquently, and if there is some literary license taken in reporting hundreds of conversations verbatim, the basic truths shine through. He was sustained by his own fortitude, his wife's unceasing efforts, his devotion to the cause of Soviet refuseniks, to Zionism and Israel (where he now lives) and to the struggle for human rights in the Soviet Union.

NOTES OF A NON-CONSPIRATOR: WORKING WITH RUSSIAN DISSIDENTS. By Allan Wynn. London: Andre Deutsch, 1988, 207 pp. (North Pomfret, Vt.: David & Charles, distributor, $24.95).

A London physician recounts his experience in giving aid and comfort to Soviet dissidents, especially in the international campaign against the Soviet government's practice of committing them to mental hospitals. He had to joust not only with the Soviet authorities but also with those groups of Western doctors and scientists who would not let concern for human rights interfere with their collaboration with Soviet front organizations in the cause of nuclear disarmament.

ACQUIRED TRAITS: MEMOIRS OF A GENETICIST FROM THE SOVIET UNION. By Raissa L. Berg. New York: Viking, 1988, 483 pp. $19.95.

This autobiography has a double appeal. It holds the reader's interest as a personal memoir of the life of a woman of independent mind and spirited temper as she made her career in the Soviet scientific establishment during the reigns of Stalin, Khrushchev and Brezhnev; and it throws light on the epic struggles over Trofim Lysenko and his discredited theories of inherited acquired traits.

THE POVERTY OF COMMUNISM. By Nick Eberstadt. New Brunswick (N.J.): Transaction Books, 1988, 224 pp. $24.95.

Most of the articles brought together here, all previously published in *Commentary* and elsewhere, are intended to show how badly communist countries (the U.S.S.R., China and Cuba as prime examples) have done in raising living standards and eradicating poverty, as compared both with their own public professions and with the record of noncommunist developing countries. The case is well argued, with full and critical use of available statistics. One of the principal pieces, however, is on a quite different topic: a critique of Seweryn Bialer, both of his career and of his book *The Soviet Paradox*. It fits Eberstadt's general thought, or bias, that many who write on communist policy and performance are either purveyors or victims of deceit.

EAST-WEST CONFLICT: ELITE PERCEPTIONS AND POLITICAL OPTIONS. Edited by Michael D. Intriligator and Hans-Adolf Jacobsen. Boulder (Colo.): Westview Press, 1988, 210 pp. $28.50 (paper).

American and German scholars present their views on how the East-West conflict was seen from the Soviet Union, the United States and the

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German Federal Republic as of 1986. Their book does not and cannot provide clear and definitive "perceptions," much less answers, given the nature of the subject. It is, however, a stimulating book, indicative of the need for new thinking in both America and Germany, if only to test that of the new Soviet leadership.

THE UNCERTAIN FUTURE: GORBACHEV'S EASTERN BLOC. Edited by Nicholas N. Kittrie and Ivan Volgyes. New York: Paragon House, 1988, 281 pp. A Professors World Peace Academy Book.

Ferment and change in the Soviet Union are having their effects in Eastern Europe and on intrabloc relations, although what Gorbachev's "new thinking" portends and what kinds of change will be permitted are highly uncertain. Nine authors, all with solid credentials, assess present trends and future possibilities and also touch on the potential role and influence of the West.

THE PRAGUE SPRING: A MIXED LEGACY. Edited by Jiri Pehe. New York: Freedom House, 1988, 223 pp. $26.75 (paper, $12.50).

It is timely to recall the events of 1968 in Czechoslovakia, not just to mark the 20th anniversary but because of recent developments in the U.S.S.R. itself, as Gorbachev seeks a socialism with something resembling a human face. The brief essays in this book, some by leading actors in the Prague Spring, represent the personal reflections of the individual authors on those and later events. Although organized around no central theme, the varied contributions attest to the legacy of the ideas of 1968 and also to the persistence of Czechoslovak traditions and culture.

NATIONAL CONFLICT IN CZECHOSLOVAKIA: THE MAKING AND REMAKING OF A STATE, 1918–1987. By Carol Skalnik Leff. Princeton: Princeton University Press, 1988, 304 pp. $35.00.

Integration or federalism, Czechoslovakia or Czecho-Slovakia; the unsettled Slovak problem has bedeviled and imperiled the state since the two peoples were brought together in one body politic at the end of World War I. This excellent and original monograph, in comparing such factors as state structure and leadership and political cultures in the interwar republic and the communist regime, shows how the problem has changed in shape but never disappeared.

SOCIALIST AUTHORITY: THE HUNGARIAN EXPERIENCE. By Peter A. Toma. New York: Praeger, 1988, 176 pp. $49.95.

Professor Toma devotes a good deal of time and space to theorizing about the nature of authority and legitimacy and how the political leadership in Hungary has attempted to create a democratic ideology of socialism that takes account of the interests of the people while preserving the ultimate power of the party. Much of that discussion is less interesting than the extensive description of how things actually work in practice; that is, how people get around the system without challenging it. Particularly instructive, and also controversial, is the author's delineation of "the Hungarian social character," which in a subtle way has "socialized" the Communist Party and its leadership and made possible modernization without conflict.

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THE HUNGARIANS: A DIVIDED NATION. Edited by Stephen Borsody. Columbus (Ohio): Slavica, 1988, 405 pp. $28.00.

The problem of national minorities in central Europe persists after two world wars, two peace settlements and the imposition of communist rule. The Hungarians living outside Hungary provide the prime example. This volume, with contributions from scholars in Hungary and abroad, has a national slant, inevitably, but it is a clear and comprehensive treatment of both historical and current aspects of a serious question to which the world's governments, including that of the U.S.S.R., have paid too little attention.

THE STRUGGLES FOR POLAND. By Neal Ascherson. New York: Random House, 1988, 242 pp. $19.95.

A popular history of Poland which, while written carefully and soberly, captures both the unending pathos and the unquenchable spirit of the Polish people. The author, a British journalist long familiar with Poland, prepared the volume as a companion piece to an ambitious BBC television series. Many striking photographs accompany the text.

DIARY, VOL. I: 1953–1956. By Witold Gombrowicz. Evanston (Ill.): Northwestern University Press, 1988, 227 pp. $39.95 (paper, $14.95).
PARIS, NEW YORK: 1982–1984. By Kazimierz Brandys. New York: Random House, 1988, 180 pp. $17.95.

Witold Gombrowicz came from the Polish gentry and was a well-known writer in Poland before the war. He was stranded in Argentina when Poland was invaded in 1939; he never returned. In Argentina he led a strange, impoverished, involuted existence. His diary—really a journal—consists of polemics conducted with other emigré Polish writers, some observations about high and low life in Argentina, and some interesting observations about Poland itself: its weaknesses during its brief independence of 1918–1939, and the perils to literature and politics of unregenerate Polish nationalism. This is the first of three projected volumes of this extraordinary "diary." By contrast, Kazimierz Brandys came to prominence as a novelist in Poland during the Stalinist 1950s and was a member of the Communist Party until 1966. Then, over 70 years old in 1981, he went into exile with his wife. His bewilderment in New York (he knew little English) and his efforts to keep in touch with events in Poland during the rise and crushing of Solidarity (he had been close to several of the leaders of the dissident group KOR) make a moving and often wrenching story. The tragedy of Poland is vividly etched on these two lives. Lucy Despard

The Middle East

John C. Campbell

IRAN AND THE UNITED STATES: A COLD WAR CASE STUDY. By Richard W. Cottam. Pittsburgh: University of Pittsburgh Press, 298 pp. $29.95 (paper, $12.95).

A severe critique of U.S. policy toward Iran since World War II, somewhat similar to that of James Bill (whose *The Eagle and the Lion* was noted in *Foreign Affairs*, Summer 1988). Cottam, an authority on Iranian nationalism, points out again and again how American diplomats and political leaders, mesmerized by the cold war with the Russians, ignored or

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misinterpreted both reality and the Iranian view of reality. Much in the record of U.S.-Iranian relations is controversial, as are some of Cottam's arguments, but his book shows a deep understanding of Iranian history and politics.

THE TURBAN FOR THE CROWN: THE ISLAMIC REVOLUTION IN IRAN. By Said Amir Arjomand. New York: Oxford, 1988, 283 pp. $21.95.
POST-REVOLUTIONARY IRAN. Edited by Hooshang Amirahmadi and Manoucher Parvin. Boulder (Colo.): Westview Press, 1988, 262 pp. $39.50.

Said Arjomand may overestimate the historic significance of the Iranian Revolution—he ranks it with 1789 and 1917—both in its impact on the world and in its durability. He has written, however, with knowledge and wisdom on how the "hierocracy" of clerics built and consolidated its power through a revolutionary transformation of traditional Shi'ism as well as of the structure of the state. It is an insightful and illuminating book. *Post-Revolutionary Iran* is a collection of short studies by a dozen younger scholars, giving much useful information but no full or integrated picture. For one thing, much source material remains unavailable; for another, each author has his own special interests and ideological concerns.

THE GULF WAR: THE ORIGINS AND IMPLICATIONS OF THE IRAQ-IRAN CONFLICT. By Majid Khadduri. New York: Oxford, 1988, 236 pp. $24.95.
THE GULF WAR. By Edgar O'Ballance. London: Brassey's, 1988, 231 pp. $32.00.

These two books complement each other. O'Ballance's is primarily a narrative of military operations, done with the competence and style that have marked his descriptions of other recent wars. Khadduri's is a broadly historical, political and legal study of Iraqi-Iranian relations since World War II, setting forth with skill and accuracy the issues which made the war virtually inevitable and so difficult to stop. Because he knows Iraq so well, the Iraqi side of the story carries a bit more weight than the Iranian. Both books went to press before the armistice, but that does not diminish their value.

THE GULF COOPERATION COUNCIL: SEARCH FOR UNITY IN A DYNAMIC REGION. By Erik R. Peterson. Boulder (Colo.): Westview Press, 1988, 346 pp. $45.00.
THE GULF COOPERATION COUNCIL: RECORD AND ANALYSIS. By R. K. Ramazani. Charlottesville: University of Virginia Press, 1988, 240 pp.

If there has been a gap in our knowledge of the GCC, these two books now fill it. Perhaps because the organization has made unexpected progress and is still relatively little known, both have a tendency to accentuate the positive and eliminate the negative. Peterson's work is the more elaborate and comprehensive, systematically covering the historical background, efforts at political and economic integration, and the security problems of these rich but weak states trying to cope with regional war and superpower rivalry. The Ramazani volume presents the essential information schematically, with sound comment by the author, and includes a rich collection of documents.

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TOWARD A VIABLE LEBANON. Edited by Halim Barakat. London: Croom Helm/Washington: Center for Contemporary Arab Studies, Georgetown University, 1988, 383 pp. $27.95 (paper, $17.95).

Reading the papers that make up this collection does not lead one to the conclusion that Lebanon is heading toward viability. Although written for a symposium held in 1984 they are by no means dated and serve as a solid basis for understanding Lebanon's internal, regional and international problems today and tomorrow. The authors know their subject and provide ample documentation. The three papers on U.S. policy (by Irene Gendzier, Michael Hudson and Anthony Cordesman) constitute a chilling chronicle of misconceptions and failure.

IN SEARCH OF LEADERSHIP: WEST BANK POLITICS SINCE 1967. By Emile Sahliyeh. Washington: Brookings, 1988, 201 pp. $28.95 (paper, $10.95).

The subject presents real difficulties, for the West Bank Palestinians themselves as well as for the observer, given the fact of Israeli occupation, the declining authority of the traditional Palestinian leading families, changing social relations, and the conflicting outside influences from Jordan, the PLO and Israel. Yet the author, who draws on his own experience and research as a teacher at Bir Zeit University, does a fine job of tracing how local mayors, PLO adherents, communists, Islamists and others have contended for leadership of a people without power under a tough military regime. The book does not get into the events of the uprising of the past year, but anyone who has read this careful account of the preceding years will not be surprised that the Palestinians have become politically mobilized and are demanding a voice in their own future.

BRITAIN AND THE ARAB-ISRAELI CONFLICT, 1948–51. By Ilan Pappé. New York: St. Martin's, 1988, 273 pp. $49.95.

Israeli scholars have been successfully mining the British archives, as they are opened, for material on their country's origins and early years. This competent and mildly critical monograph on British policy covers the aftermath of the war of independence, the futile peace efforts of the Palestine Conciliation Commission, the emergence of the refugee problem, and especially the metamorphosis of Transjordan into Jordan by annexation of the West Bank and the secret negotiations between King Abdullah and Israel.

THE RISE OF EGYPTIAN COMMUNISM, 1939–1970. By Selma Botman. Syracuse (N.Y.): Syracuse University Press, 1988, 212 pp. $29.00.

The Egyptian communist movement never mounted any real challenge either to the royal or the Nasser regime, but it did have a role on the left fringe of politics, alternately tolerated or repressed and expending much of its energy in factional divisions. This monograph, which follows the fortunes of the party until its dissolution, is enriched by interviews with some who were active participants in the movement, but virtually nothing is said about ties to Moscow or what the Soviet Union was up to in Egypt.

LIBYAN POLITICS: TRIBE AND REVOLUTION. By John Davis. Berkeley: University of California Press, 1988, 297 pp. $35.00.

This is not the usual survey of a country's political life and institutions. The author is a social anthropologist who lived in Libya, on and off, from

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1975 through 1979. His vantage point was a region inhabited by the Zuwaya tribe in Cyrenaica, his material the results of careful observation at the level of family, kinship group and tribe. Incidentally, Qaddafi's "Green Book" and his system of direct democracy were not as crazy as they seemed to most Westerners, for the Libyans were not a nation, had no affinity for Western-type political institutions, and had strong "stateless" traditions. Davis has no illusions about Qaddafi or his politics, but he explains a great deal about Libya.

Asia and the Pacific

Donald S. Zagoria

CHANGES AND CONTINUITIES IN CHINESE COMMUNISM. VOL. I: IDEOLOGY, POLITICS, AND FOREIGN POLICY. Edited by Yu-ming Shaw. Boulder (Colo.): Westview Press, 1988, 414 pp. $30.00 (paper). CHANGES AND CONTINUITIES IN CHINESE COMMUNISM. VOL. II: THE ECONOMY, SOCIETY AND TECHNOLOGY. Edited by Yu-ming Shaw. Boulder (Colo.): Westview Press, 1988, 402 pp. $30.00 (paper).

In the first volume of these collected essays there is a particularly informative piece by June Teufel Dryer on the difficulties in China's military modernization effort. The submarine program, the program to develop advanced fighters and the antitank missile program are all lagging. Meanwhile, service in the military is no longer regarded as desirable, since agricultural reforms have made it more profitable for young men to stay in their native villages. Dryer is also not impressed with China's adoption of NATO's Air-Land Battle strategy for dealing with an offensive threat, because the PRC is far from having the equipment to make such a strategy work.

At a time when China seems to be recentralizing its economy, Jan Prybyla's essay in volume II is worth reading. His main idea is that the mix of half plan, half market in China and Hungary (and, by implication, Gorbachev's Soviet Union) is not viable and that sooner or later either plan or market must prevail. Without further moves toward market, he argues, there will inevitably be retrogression toward the centrally administered command plan.

SECURITY IN NORTHEAST ASIA: APPROACHING THE PACIFIC CENTURY. Edited by Stephen P. Gibert. Boulder (Colo.): Westview Press, 1988, 193 pp. $22.50 (paper).

Among the several informative essays in this collection, the one by Sarah Taylor on the military balances in Northeast Asia is outstanding. She analyzes with convincing detail the potential for military conflict on the Sino-Soviet border, in Korea, in the Sea of Japan and in the sea-lanes of the Western Pacific. What emerges from the discussion is a consistent portrait of the Soviet Union and North Korea, isolated diplomatically and economically in Northeast Asia and relying heavily on military power. The essay evidently predates Gorbachev's efforts to revitalize Moscow's diplomatic position in the region.

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THE FUTURE OF ASIAN-PACIFIC SECURITY COLLABORATION. By Sheldon Simon. Lexington (Mass.): Lexington Books, 1988, 177 pp. $29.00.

This is a survey of security issues facing the United States in Asia. Despite some occasional lapses of judgment—e.g., a Sino-Soviet détente will "dramatically" increase the threat to the West—it is generally sober. It is best when focused on Southeast Asia, an area the author knows well. There is a good discussion of security issues in the ASEAN countries, of Australia's role in Asian security, and of the falling out between the United States and New Zealand over Wellington's ban on U.S. nuclear-capable ships.

U.S. POLICY AND THE TWO KOREAS. By Edward A. Olsen. Boulder (Colo.): Westview Press, 1988, 115 pp. $11.95 (paper).

The author is worried about the future of U.S.-Korean relations. The U.S. is overburdened strategically and it must either shed, share or reduce its burdens. In Korea the U.S. cannot get rid of its burdens safely; consequently it must share responsibilities. But a "recurrent strain of isolationist and America-first attitudes" seems to be emerging in the U.S. The roots of this phenomenon include: frustration with nuclear confrontation, annoyance with allies, identification with the "Vietnam syndrome," anxiety about the foreign economic challenge. Collectively, "these attitudes may impair U.S. relations with Korea." And as the U.S. turns inward, Europeans and Asians may also look more to their own interests and capabilities. This would be worrisome because despite much rhetoric about the Pacific community, "nothing in the Pacific approaches the cohesive qualities of the North Atlantic."

BUILDING ASEAN: 20 YEARS OF SOUTHEAST ASIAN COOPERATION. By Ronald D. Palmer and Thomas J. Reckford. New York: Praeger/Washington: Center for Strategic and International Studies, 1987, 162 pp. $9.95 (paper).

Two decades of steady progress have transformed ASEAN into a model of a successful regional organization. This volume provides a good introduction to the history of the organization, with informative chapters on its successes, shortcomings and prospects. Economic, political and security issues are effectively woven together.

CHINA BRIEFING, 1988. Edited by Anthony J. Kane. Boulder (Colo.): Westview Press/New York: The Asia Society, 1988, 179 pp. $25.85 (paper).

Once again The Asia Society provides a comprehensive survey of China in the past year. The review looks at politics, economics, foreign policy, culture, students, law and the Hong Kong/Taiwan situations. Robert Ross's analysis of Chinese foreign policy is a particularly noteworthy contribution.

FILIPINO POLITICS: DEVELOPMENT AND DECAY. By David Wurfel. Ithaca (N.Y.): Cornell University Press, 1988, 361 pp. $34.95.

One of the West's leading experts on the Philippines concludes this historical study of modern Filipino politics on a somber note. He says that President Aquino, after making a good start, did not proclaim any clear goals, establish a political party or attempt to replace patronage with issue-oriented politics. She does not control the armed forces, the civil bureaucracy or even the corrupt elements in her own family. And she is too reliant on foreign support.

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THE PHILIPPINE BASES: NEGOTIATING FOR THE FUTURE. Edited by Fred Greene. New York: Council on Foreign Relations, 1988, 155 pp. $9.95 (paper).

This study reviews the prospects for the U.S. bases in the Philippines after the existing agreement expires in 1991. It considers a variety of possible outcomes and concludes with some useful observations on the regional setting. It is the most thorough discussion of the base issue available.

Africa

Jennifer Seymour Whitaker

POPULAR STRUGGLES FOR DEMOCRACY IN AFRICA. Edited by Peter Anynag' Nyong'o. London: Zed Books, 1987, 288 pp. (Atlantic Highlands, N.J.: Humanities Press, distributor, $49.95; paper, $15.95).

A distinguished group of African scholars looks at political struggles in Uganda, Congo, Zaïre, South Africa, Ghana, Liberia, Kenya and Swaziland, gauging how they do or do not (mostly the latter) represent progress toward mass participation. The overriding perspective is of a quest for democracy emanating from the left; as the editor argues it, only democratic freedoms can keep a socialist revolution on track—i.e., committed to the interests of all the people. Especially valuable are the introductory essay by the editor, and the discussion of the African state by Harry Goulbourne.

DATELINE SOWETO: TRAVELS WITH BLACK SOUTH AFRICAN REPORTERS. By William Finnegan. New York: Harper & Row, 1988, 244 pp. $18.95.

In this story of six weeks spent covering the black townships and Bantustans with a group of black reporters from the Johannesburg *Star*, the author conveys the black-white divide in the most moving way: through the matter-of-fact reactions of these journalists to their role on a white newspaper whose "liberal" social environment and "enlightened" editorial policy were still worlds apart from their own perspectives as inhabitants of the township war zone. Depicting the story they were covering—a brutal conflict most whites never know about—as well as the reporters themselves, Finnegan succeeds (as he did in his earlier account of his year as a schoolteacher in Cape Town) in showing—rather than merely explaining—important realities about South African life today.

THE CRISIS AND CHALLENGE OF AFRICAN DEVELOPMENT. Edited by Harvey Glickman. Westport (Conn.): Greenwood Press, 1988, 272 pp. $42.95.

The collective message of this compendium is caution: don't put excessive pressure on African institutions. Sayre Schatz, Ravi Gulhati and Satya Yalamanchili, and Raymond Hopkins, in particular, argue that laissez-faire won't work in Africa; that reforms must be carefully sequenced; and that evidence on the relationship between food subsidies and declining agricultural productivity is scanty.

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ALLIES IN APARTHEID: WESTERN CAPITALISM IN OCCUPIED NAMIBIA. Edited by Allan D. Cooper. New York: St. Martin's, 1988, 203 pp. $39.95.

Following the book's argument about the compelling stake of Western economic interests in the Namibian status quo, activists, journalists and scholars from a number of industrialized countries indict their nations' economic participation in Namibia. Now, however, as we contemplate the possibility of a settlement in that contested territory it is at least as interesting to speculate—which the book does not—on the future role of non-South African investors in a majority-ruled Namibia.

SURRENDER OR STARVE: THE WARS BEHIND THE FAMINE. By Robert D. Kaplan. Boulder (Colo.): Westview Press, 1988, 192 pp. $26.95.

This vivid account of deliberate government design in the deaths of hundreds of thousands in Ethiopia and the Sudan from 1984 to 1987 tells very convincingly a story which the author claims was almost entirely ignored by Western media, diplomats and relief officials. Kaplan paints a horrific picture of often fatal cruelty perpetrated by Ethiopian soldiers in their government's resettlement program (and related famine relief programs) and does a preliminary sketch of a similar picture in the Sudanese civil war. While indicting both the inhumanity of African elites and the human rights policies of the Carter Administration, he offers no ameliorative solutions, beyond a weak effort to enshrine the Reagan Doctrine as a moral precept.

AFRICA IN THE 1990s AND BEYOND: U.S. POLICY OPPORTUNITIES AND CHOICES. Edited by Robert I. Rotberg. Algonac (Mich.): Reference Publications, 1988, 309 pp. $24.95 (paper, $12.95).

Assuming that Africa in the 1990s will look pretty much the way it does now, the authors survey the broad range of issues of concern to Africans and try, with varying degrees of success, to assess how these are also of concern to the United States. Most interesting are essays staking out new ground: Helen Kitchen's chapter on the workings of U.S. bureaucracies involved in Africa; the chapter by Albert Henn and Charles Meyer on AIDS; and Donald Rothchild's chapter on ethnic conflicts.

THE DIALECTICS OF OPPRESSION IN ZAIRE. By Michael G. Schatzberg. Bloomington: Indiana University Press, 1988, 193 pp. $25.00.

Fifty years hence, this book will likely be regarded as a particularly illuminating explanation of how things got so bad in late twentieth-century Zaïre. Although its overview of the *mal Zaïreois* goes over ground very familiar to present-day observers, its vast assemblage of detail on the workings of *Mobutisme* at the local level makes this work a truly authoritative source.

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Edited by Janis A. Kreslins

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Karl Marx, meet Adam Smith

American fast-food symbols beckon the Moscow masses...Mao's heirs squabble over whether China's entire Pacific Coast will become a freewheeling free-enterprise zone...money-losing state subsidized firms in Yugoslavia face bankruptcy...even Western socialist states are cutting taxes and phasing out government subsidies of industries....

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Marx's once-radical "solutions" have simply gone stale, particularly for the nations that were the first to try them. Even his pet targets—oligarchs, feudal landowners and "imperialists"—have largely passed from the scene. In more recent years, Western voters have reversed many socialist-inspired aspects of the democratic welfare state. Since 1979, in many lands, income tax rates have been lowered, industries deregulated, and parties espousing a traditional socialist line have been defeated. At the same time, communism, which once seemed poised to dominate large parts of Europe, has quietly faded.

The same is true in the Third World, where socialist ideas might have been expected to bear more fruit. Instead, many Marxist leaders in Africa, for example, now welcome foreign investment. They have seen their economies shrivel under socialism, and they have watched living standards rise as the free market was invited to return.

A number of Asian countries are already economic success stories because they vigorously followed free-market policies instead of socialism: Singapore, South Korea, Hong Kong and Taiwan. Thailand's per capita GNP is now four times higher than its neighbor, socialist Burma.

Of course the most dramatic reversal has come from the *sanctum sanctorums* of communism: Moscow and Beijing. An ultimate goal of Gorbachev's *perestroika* (restructuring) is to let production be set by the market and by plant managers, instead of by central planners. And Chinese pragmatists under Deng Xiaoping have begun to energize the population, through the broad-scaled abandonment of Mao's rigid economics. Both leaders, like socialists elsewhere, are also looking for more trade with capitalist countries—and both recognize the benefits that can flow equally to trading partners.

Can it be that these doctrinaire communists have finally seen the light? Hardly. Nobody expects them to disavow communism. But they are redefining it, so latter-day interpretations of Karl Marx sound more and more like free-market economist Adam Smith. Many now believe that this economic revolution has grown too large to be snuffed out. We fervently hope history proves this view correct—for the good of the capitalists and communists alike who share this planet.

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